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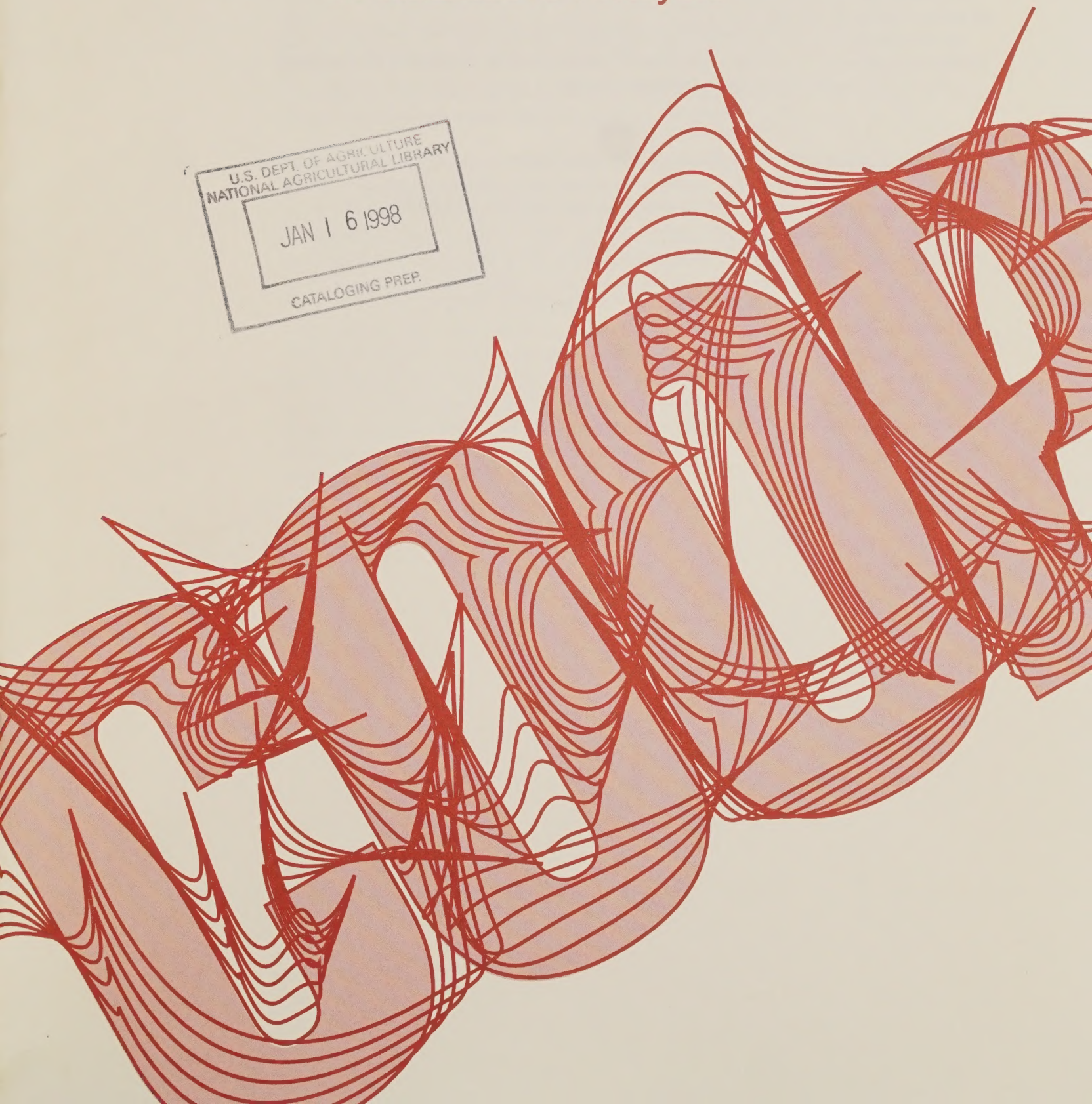
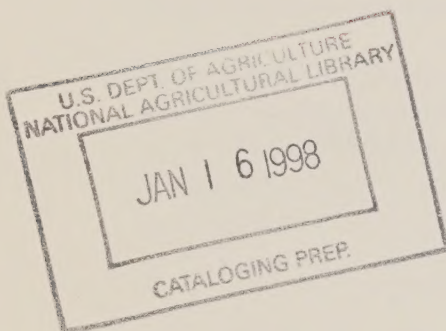
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Dairy Member Frustration and Solidarity Difficulties:

A Qualitative Analysis



Abstract

members of two dairy cooperatives. content. The report provides synthesized abstracts of comments. These abstracts are interpreted using a modified social work "life model" of analysis. Frustration and problematic solidarity (cleavages) within the organization are understood functions of: maladaptive transactions—breakdowns in communications, changing and inconsistent expectations, perceived exploitive relationships—as well as general unresponsiveness to meet specific member needs within the organization, and the larger environment. Recommendations are drawn from the analysis and from specific member comments.

Keywords: Cooperatives, dairy members, frustration, solidarity.

Dairy Member Frustration and Solidarity Difficulties: A Qualitative Analysis

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Rural Business/Cooperative Service

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Preface

Little analysis has been done in member relations research to explore member frustrations. Some suggest this may be due to a cultural bias to avoid conflict. We are frequently taught that conflict, anger, and most negative emotions are bad. Our culture tends to understand that: 1) conflict is generally understood as a negative experience due to an error or mistake; 2) conflict usually is seen as indicative of requiring a battle for resolution, and launched from incompatible and/or competing self-interests; 3) conflict, and aspects of it, are frequently taken as defining a relationship, with little else valued or remembered after difficulties occur; and 4) conflict is sometimes understood in terms of right versus wrong, where someone has to be one or the other (Weeks 1992). These assumptions can lead to avoidance and a continuing failure to resolve difficulties.

Other reasons why member frustration may not be researched, may be methodological. Most social research is structured with mail surveys. Survey research tends to carry the most credibility within the social research community. However, questions included in surveys are ordered and organized to answer particular concerns. Although surveys may seek to answer complaints, questions asked tend to be limited to specific research agendas. Respondents may consider themselves lucky if the survey covers the range of their complaints.

Researchers have typically countered these difficulties by adding small sections at the end of surveys asking respondents to write whatever they choose—generally as it relates to the larger study. This enables respondents to speak more freely on topics. Unfortunately, these written comments are seldom analyzed. Unlike quantitative data, written comments are difficult to sort and summarize. Yet, comments frequently provide some of the most candid, unrestrained, and “just waiting for the opportunity to be expressed” pieces of information.

This report addresses both cultural and methodological issues by summarizing and analyzing a series of written comments from members of two dairy cooperatives. We handle the awkwardness of working with negative, written comments by: 1) conducting a preliminary content analysis that sorts comments by general categories; 2) presenting abstracts of comments as summaries under each category; 3) providing a basis for the application of explanatory theory—the life model—to abstracts; 4) providing understandings that are more generalized; and 5) presenting various recommendations.

Contents

Highlights	iii
Content Analysis	5
The Analytic Model	5
The Cooperative Organization	5
Member Commentary	7
Lack of Solidarity	7
Maladaptive Transactions	8
Lack of Response to Member Needs	11
Unresponsive Larger Environment	14
Summary and Historical Synthesis	15
Historical Transitions	16
Member Frustration: Summarizing Tableau	16
Recommendations	18
Maladaptive Transactions	18
Unresponsiveness of the Cooperative	20
Unresponsiveness of the Larger Environment	21
Appendix	22
References	31

Highlights

Dairy producers have been in the middle of various historical trends that displaced many of them from their farms, while leaving others with major challenges for survival. Many formed dairy cooperatives to assist in this struggle. This study of written comments revealed many dairy farmers have had to endure considerable frustration and stress, in efforts to survive in this context. That frustration was revealed in the comments as statements of problematic solidarity—alienation from each other as members, from management and employees, and from the cooperative generally.

By applying a “life model” of analysis developed by Germain and Gitterman (1980), frustration and problematic solidarity can be understood as emerging from at least three factors: 1) maladaptive transactions—as they relate to poor communications, exploitive relationships, and inconsistent expectations; 2) unresponsiveness of the environment—as it relates to lack of support from the organization, and from the larger society; and 3) life transitions—as related to dairy farmer movement through historic economic forces.

Application of a “cooperative life model” revealed member frustration and problematic solidarity based in the following:

- Difficulties in communications concerned: 1) lack of communication links, 2) poor working links, 3) members lacking information generally, and 4) breakdowns in informing members of coming changes.
- Inconsistent and changing expectations about: 1) the changing relative importance of butterfat in milk, 2) knowledge of cooperative organization and equality versus equity issues, 3) management and employee compensation versus the price of milk, 4) small, local cooperatives versus unintended consequences of mergers, and 5) member responsibilities as owners.
- Perceived exploitation about relative benefits derived by the board, management, employees, and members of the cooperative.
- Perceived lack of response by the cooperative to such specific member needs as:
1) price, management and the operation of plants, 2) milk tests, premiums, and deductions, 3) milk quality provisions, 4) quality and price of supplies, 5) contacts with haulers, field representatives, and service providers generally.
- Perceived lack of response by the larger environment to such member needs as:
1) cooperation among cooperatives, 2) Government programs, and 3) larger national policy and priorities.

Recommendations were derived from understanding the historical position and reported experience of dairy farmers and members, and members’ own specific requests, demands, and statements. Recommendations are categorized according to whether they address: 1) maladaptive transactions including breakdowns in communications, changing and inconsistent expectations, and perceived exploitation, 2) the cooperative’s lack of response to address specific member needs, and 3) inadequate response to the larger dairy farmer and member environment.

Ultimately, the cooperative organization must emphasize the several mutual interests of dairy farmers. When dairy farmers act collectively through their cooperative, they can realize at least some of their respective individual interests. But more importantly, when they act together, they build their collective strength as dairy farmers. To make the cooperative work, they must continue to participate, and involve themselves with their dairy-farmer neighbors and their cooperative organization. Being heard is a start both for the member and the larger cooperative. In the last analysis, managers, employees, and elected officers must constantly remember the simple but profound fact that the cooperative is the members’ organization.

Dairy Member Frustration and Solidarity Difficulties: A Qualitative Analysis

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Frequently, cooperative directors, officers, and managers will be the target of intense anger and emotion from members complaining about service, the cooperative, agriculture, and life in general. Unfortunately, and usually unbeknown to the member, the complaint may not be heard. The “complainer” may be discounted by the cooperative representative and labelled a “crackpot” and/or a “troublemaker.” Once labeled, the actual message is seldom heard.

Yet, these members may be saying things the cooperative needs to hear. Why are they complaining so vehemently? How might their complaints be best handled? Isolating them as “crackpots” may not be the best course of action. Rather, understanding complaints as important feedback can help build more responsive organizations and member commitment. Members who are not heard tend to take their business elsewhere.

There has been little research on these aspects of cooperative member relations due to cultural and methodological reasons. Hence, the need for this study.

Cultural Reasons—Our culture tends to bias the way we look at conflict. We are frequently taught that conflict, anger, and most negative emotions are bad. Emotional complaints in particular are frequently discounted.

Weeks (1992, pp. 8-9) suggests there are at least four reasons why conflict, if handled at all, is handled poorly in our culture. Conflict is generally understood and experienced as: 1) negative and due to an error or mistake; 2) requiring a battle for resolution, and based in incompatible and/or competing self-interests; 3) defining and redefining relationships, with little else

valued or remembered after difficulties occur; and 4) seen in terms of right versus wrong—where someone has to be one or the other. These assumptions lead to avoidance.

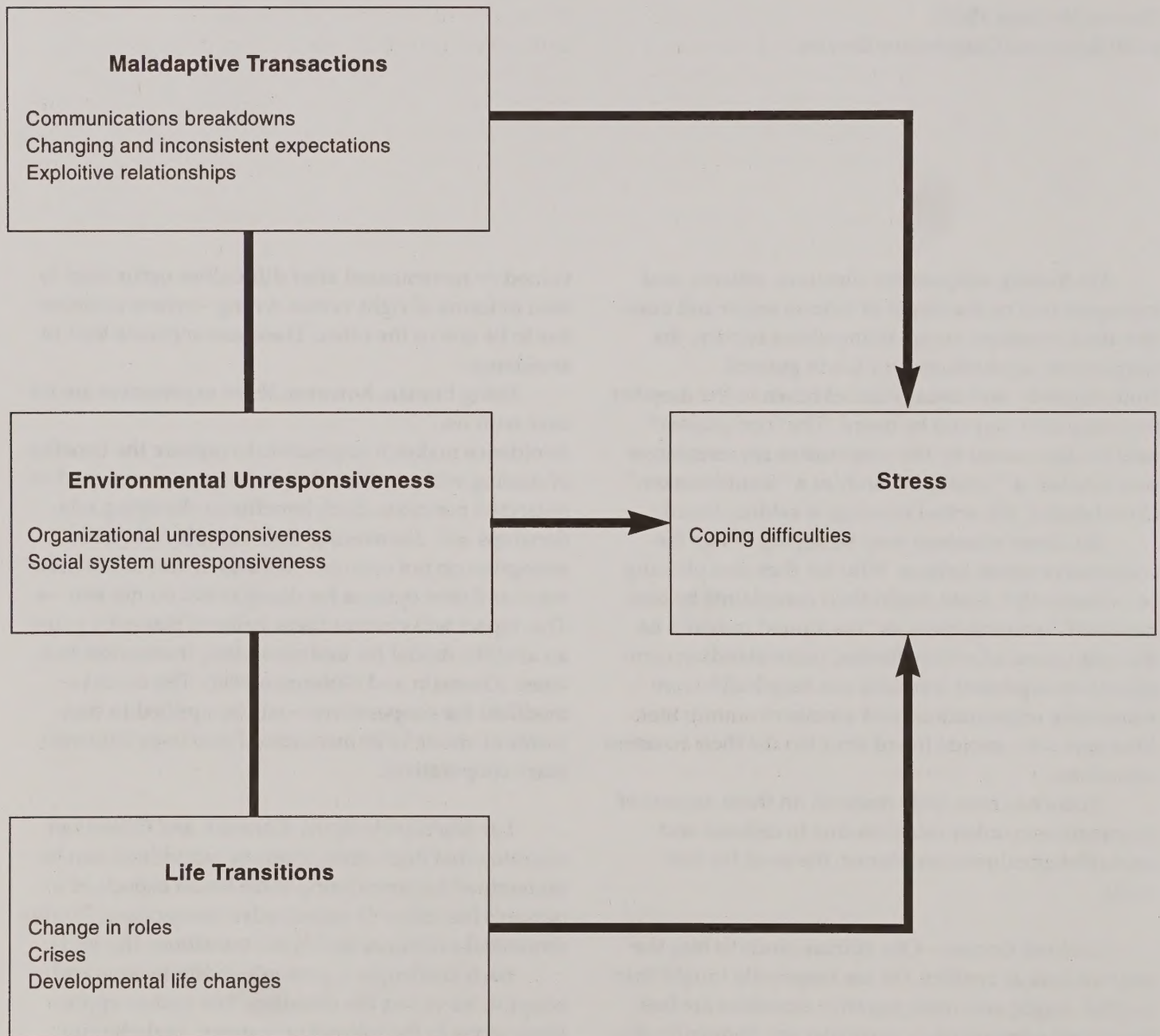
Being human, however, these experiences are forever with us.

Avoidance makes it impossible to capture the benefits of dealing with conflict. People become entrenched in polarized positions. Such benefits as clarifying relationships and discovering their complexities and strengths can not emerge. Methods of resolution, new ways and new options for doing tasks, do not evolve. This report will counter these cultural biases by using an analytic model for understanding frustration and stress (Germain and Gitterman 1980). The model—modified for cooperatives—will be applied to comments of about 2,000 members of two large Midwest dairy cooperatives.

Life Model of Analysis: Germain and Gitterman maintain that high stress levels of individuals can be understood by considering three broad aspects of a person’s life space: 1) maladaptive transactions, 2) environmental pressures, and 3) life transitions (figure 1).

Each challenges a person’s ability to cope and adapt to his or her life situation. The author applies these terms in the following manner: maladaptive transactions refer to relationships between and among people and the sometimes “difficult” character of these relations; poor communications, exploitive relationships, and unrealized expectations. Environmental pressures refer to lack of response in organizations as well as in larger social systems. The stress of “life transitions” refers to such pressures as changes in roles, the stresses of various crises, whether anticipated or

Figure 1—Life Model of Individual Stress*



* (Adapted from Germain and Gitterman 1980).

not, and developmental life changes. These stressors compromise a person's ability to cope in adaptive, self-enhancing ways.

In this study, we are concerned with stress and frustration of members within a cooperative. Our primary concern is not the stress and coping ability of individuals, but rather the collective solidarity of members, i.e., how strongly connected members are to each other and the organization. We examine the complaints and frustrations of members as indicating a lack of solidarity—the degree to which members feel at odds with one another, management and employees, and the organization in general.

A model similar to Germain and Gitterman's (1980) is used to explain this "cooperative" stress. We consider the three aspects of maladaptive transactions—poor communications, exploitive relationships, unrealized expectations—but as they relate to members in a cooperative (figure 2). An unresponsive environment is considered as it relates to lack of support for the cooperative member, both from the organization and from the larger society. Life transitions are examined, not as they apply to individuals, but rather as dairy farmers going through historical transitions and dealing with historical economic forces. The study goes beyond the Germain and Gitterman (1980) model by presenting a series of recommendations derived from the members' statements.

Such a framework is particularly appropriate to analyzing the "difficult" member. It focuses on sources of friction within the multiple locations of the member, the member's environment, various relationships, and transactions that may occur within and among them. This approach avoids the temptation to discount complaints as coming solely from a few "crackpots" (as seen from the organization); or by understanding all problems as due to organizational malfeasance (as seen from the farm).

Methodological Reasons: Besides cultural reasons, there are methodological considerations that inhibit the willingness of researchers to analyze written comments. Most social research is structured with mail surveys. Survey research tends to carry the most credibility and respect within the social research community. However, questions included in surveys are organized to answer particular sets of questions. Although surveys may seek to answer complaints, questions asked tend to be limited to specific research agendas. Respondents may consider themselves lucky if the survey covers the range of their complaints.

Researchers have typically countered this by adding a small section at the end of surveys that ask respondents to write whatever they choose—generally as it relates to the larger study. Respondents can fully express themselves in whatever tone they wish in these sections.

As mentioned, these comments are seldom analyzed. Unlike quantitative data that can be easily summarized, written comments present researchers with difficulties. How does one average them for example? They are not numbers. They are *written* feelings, beliefs, ideas, and thoughts. Further, because respondents are not all answering specific questions, there is little indication of how prevalent responses are among the study population.

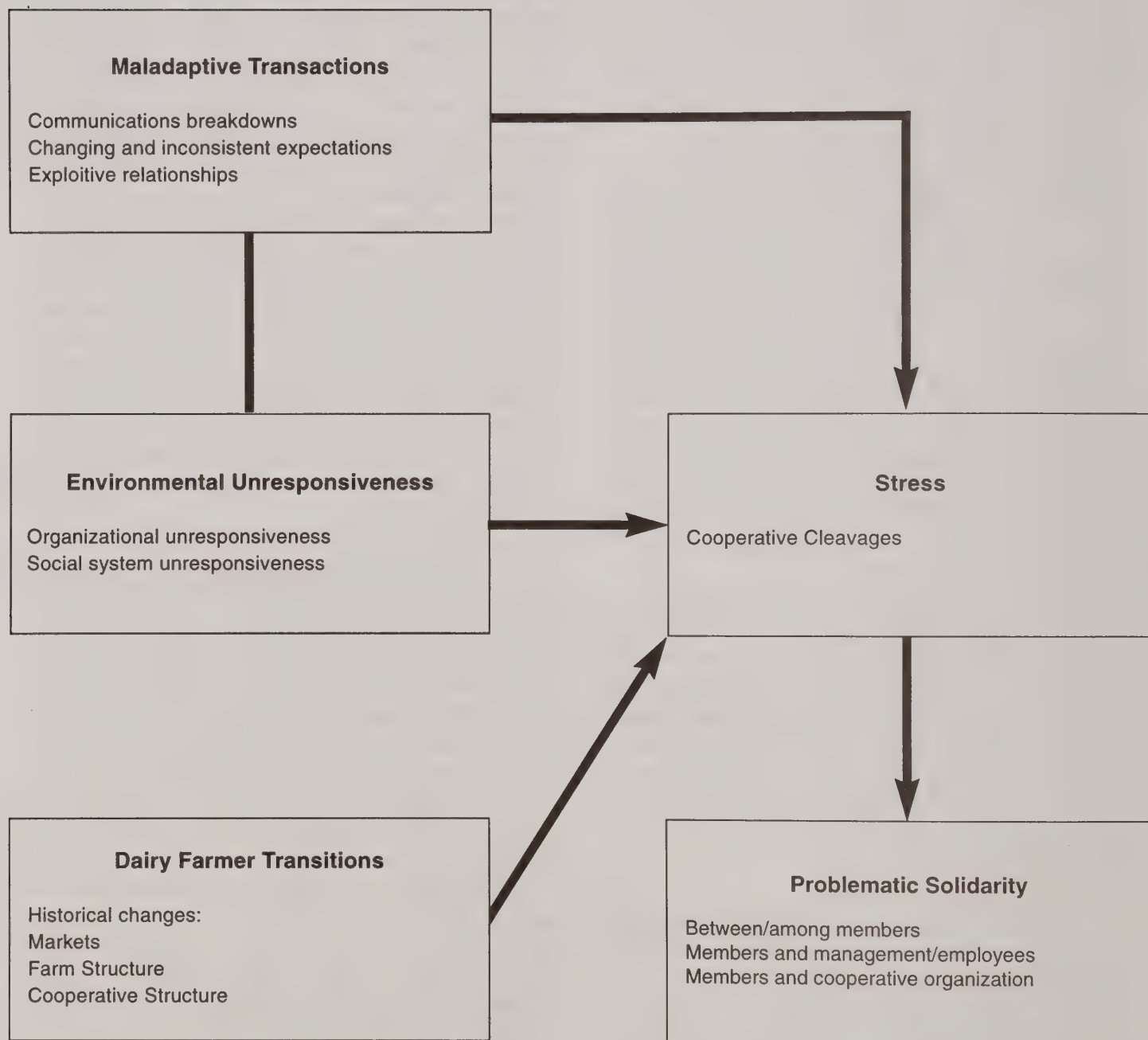
Yet, comments frequently provide some of the most candid, unrestrained, and "just waiting for the opportunity to be expressed" pieces of information. When placed in a historical context, written comments can provide a depth in understanding that standardized questions can't access (Rubin and Babbie 1993). Content analysis examines the written text. It sorts written material for common words and/or themes, and tabulates their frequency. It provides a way of assigning numbers and organizing text in a numerical fashion (Holsti 1969).

This report addresses both *cultural* and *methodological* issues by summarizing and analyzing a series of written comments from members of the two large Midwest dairy cooperatives. These responses were part of a much larger survey of the combined memberships of more than 10,000 members of these two cooperatives. The original survey examined issues that included member attitudes and opinions toward cooperatives, prices, farming, and competition.

Like most surveys, this one provided room at the end for "any additional comments." Two thousand complied. The character of the comments was overwhelmingly negative and portrayed a sense of frustration and discontent.

We handle the awkwardness of working with negative, written comments by: 1) conducting a preliminary content analysis that sorts comments by general categories; 2) presenting abstracts of comments as summaries under each category; 3) providing a basis for the application of an explanatory theory—the life model—to abstracts; and 4) providing more generalized understandings. With this qualitative understanding as context, we present various recommendations.

Figure 2—Cooperative Life Model of Individual Stress*



* (Adapted from Germain and Gitterman 1980, p.11)

CONTENT ANALYSIS

Using content analysis, comments were sorted by prevalence and then categorized. Frequency counts were taken (table 1). Comments fell into 6 areas: 1) cooperative business, operations, and service—40 percent; 2) prices, pricing, and economic returns—18.48 percent; 3) fairness and cooperative workings—18.41 percent; 4) policy—11.46 percent; 5) outlook and survival—7.36 percent; and 6) sense of being victimized—4.24 percent. [Abstracts of comments are presented by category, in order of their preponderance in appendix I.] Comments were distilled as much as possible while not sacrificing their emotional intensity. [These abstracts serve a similar function as do numerical averages with quantitative data.]

Most comments conveyed a sense of frustration. This tone was most evident in the “victimization” comments, and least evident, though present, in the “cooperative business, operations, and service” category. This perhaps is no surprise. Frustration and anger are generally associated with feelings of powerlessness and unfairness. Experiences with the cooperative business itself are more immediate, and more susceptible to influence. The more complex issues, such as prices and who influences them, and what is happening to farming in general, are more difficult to understand in terms of cause, and less accessible to member influence.

The difficulty for the organization is to know what to address and how. If isolated, many comments, particularly the more pointed ones, may simply be discounted and not considered—perhaps an appropriate strategy when encountering an angry stranger on the street.

However, when interacting with members of an organization, many with similar experiences, such as passive strategies can prove highly destructive. Members may begin to identify their several commonalities, including holding membership in an unresponsive organization. Some may seek change in highly destructive ways and/or leave the organization en masse. Others may simply and quietly patronize another firm.

Conversely, if comments are confronted as a group, they can be quite imposing and even overwhelming for an organization to handle. Some are clearly within the cooperative orbit of influence and can be addressed. Others are less rational and do not present clear alternatives for response, e.g., “field representatives are not sufficiently available” versus “the

cooperative and the Government act together to create a fake surplus of milk to drive the price of milk down.”

Both comments come from active members; both are directed to the cooperative; and both indicate attitudes and feelings about the cooperative. Does the cooperative address the former and ignore the latter? How are they alike or dissimilar? Do both deserve respectful and meaningful [to the member] responses? How can both be understood?

THE ANALYTIC MODEL

The Germain and Gitterman “life model” suggests how stress and frustration levels of individuals can be understood. We modified their approach to better understand the stressed cooperative member. To further our “cooperative model,” additional concepts on organizations and group solidarity need to be introduced. Members’ commentary then follows on: group solidarity, maladaptive transactions within the organization, lack of organizational and larger social system response to member needs, and historical transitions. We seek to understand member frustration and stress as it relates to cleavages between and among members, and between members and the organization, i.e., problematic solidarity.

The Cooperative Organization

The shape of any organization is self-defined by its various formal and informal connections. They link members to each other and to the larger group. They evolve with the resolution of uncertainties concerning authority, power, decisionmaking, and task allocation within the organization. Networks of roles, responsibilities, communications, and other relationships develop.

Typically, members of a cooperative delegate power to make decisions to elected representatives and hired management. Powers such as policymaking and oversight are delegated to a board of directors, while decisions directly involved in operating and managing a business are handled by management. Members seek to meet their needs by patronizing the cooperative. They may influence direction and responsiveness of the organization by participating in meetings and various cooperative governance mechanisms. These structured relations define and shape some of the formal ways members and the cooperative organization interrelate.

Table 1—Dairy member complaints (number, percent)

Category	Number	Percent of Total Comments
Cooperative Business, Operations, Service		
Management and employees	216	10.7
Cooperative overall	149	7.4
Haulers	86	4.3
Services, supplies, products	76	3.8
Field representatives	66	3.3
Testing	56	2.8
Milk checks	51	2.5
Operations	41	2.0
Plants	29	1.4
Communications	18	0.9
Mailings	15	0.7
Lobbying	10	.06
Total		40.2
Prices, Pricing, and Economic Returns		
Pricing	163	8.1
Prices	106	5.2
Price spreads: farm to retail	59	2.9
Price penalties	20	1.0
Price spreads: in puts to price received	18	0.9
Losses on the farm/8profits at the co-op	8	0.4
Total		18.5
Fairness		
Governance	86	4.3
Capital retains	81	4.1
Meetings	57	2.8
Competition	42	2.1
Fairness among members	32	1.6
Buying pout the competition	27	1.3
Equal prices	24	1.2
Health insurance	12	0.6
Trust	11	0.5
Total		18.4
Policy		
Cooperative policy/strategic planning	103	5.1
Policy/national	70	3.7
Policy/dairy industry	48	2.4
Policy/USDA	9	0.4
Total		11.4
Outlook/survival		
Outlook	100	4.9
Family farms	49	2.4
Total		7.4
Sense of Victimization		
Victimization	86	4.2
Total	2,025	100.0 ¹

¹ Table numbers are rounded.

Inside and outside these structures, informal or person-to-person ways of relating emerge. Varying degrees of familiarity develop. These formal and informal channels must function so that exchanges of information, services, and materials occur, and in a manner that maintains the integrity of the organization.

These links function because of the people within them. Within any organization, there is always a tension between individual autonomy and group solidarity. Individuals must be able to function sufficiently within an organization to meet their respective needs, perform their roles, and help maintain the organization. Members must be able to do so, such that organizational restrictions are not resented, or at least not disliked to such a degree that they drop from the organization.

"Some group structures are too loose. While individual autonomy may be valued," members don't experience a sense of identity and support that comes from group solidarity. Other group structures may be too tight. While group solidarity may be valued, members may feel the organization unnecessarily limits their opportunities" (Germain and Gitterman 1980).

Solidarity becomes a problem in organizations when both: 1) individual needs aren't met and 2) relationship exchanges are maladaptive, i.e., communications break down, expectations are inconsistent, and relationships are exploited. Such situations are worsened when they occur within challenging larger environments. Members find themselves cut off from each other and the organization. Under such conditions, commitment to and identity with an organization and with other members can rapidly deteriorate or never establish itself.

Member Commentary

Lack of Solidarity:

Lack of solidarity implies members perceive fundamental differences and oppositions in their respective interests with each other and the organization. Mutual interests are not immediately obvious. When individuals feel threatened, resentments frequently accompany these perceived differences.

When members write about "management and employees," they highlight differences, distance, and a perceived inability of management and employees to understand the member situation.

- The executives seem like a long way away from this farm. We take cuts, see our prices fluctuate, see our prices drop to some of the

lowest points, and yet management keeps getting paid their high salaries. Many of us can't even cover expenses. Management is overpaid and has forgotten who they work for. They really don't know what it is like out here. It's us out here fighting the elements. We see the trips, pay raises, business suits, and then see our prices. Our wages drop when yours go up. We get up at 4 AM and work everyday with no vacations or paid days off. You look overpaid and overcompensated. And you look more concerned with acquiring small companies and building the cooperative as an entity separate from the farmer.

There isn't enough agricultural background in management. How about coming out here and milking some cows. Get educated about dairy-ing. □

Members see cultural and economic differences between their lives and those of cooperative management and employees. Questions are raised about lack of agricultural sophistication of the personnel. Difference, distance, and naivete are observed.

Similar observations are extended to the *formal* relationships between members and management/employees. The members understand the cooperative has been organized to meet their needs. Yet, it seems to some that the organization works much better for the hired personnel than for the members. Members experience themselves as subordinated, if not exploited by management and employees.

- Management forgets the farmer is the reason for the cooperative. They seem more concerned with the business entity. Management is supposed to make a profit to distribute to members, not just make a profit. They seem too preoccupied with "big business." All we have left is management demanding pay raises and shifting responsibilities to the members. Management tends to treat us like suppliers rather than owners of the business and seems overly concerned with "the business" and not the farmers. □

These members feel a lack of support from cooperative management/employees and resent it.

Lack of organizational solidarity is displayed in the comments, not only between members and management/employees, but also among and between

members. Formally, member interests are supposedly represented by elected officers, and particularly, by a board of directors. These members suggest they don't feel supported by their directors, and question their motivations, i.e., directors using the office for personal gain:

- We never see our director. We don't know him. We don't think the leadership is paying much attention to the membership. It seems that the only people who get elected are those with connections, i.e., the big dairy farmers. Rules and regulations are just for them. Directors seem to be holding office for their own and not the members' interest. Are some directors in office only to keep their farm operations afloat? □

Members are at odds on an informal basis as well. In the following comments, members recognize their differences by category of producer. No understanding of their mutual interests is expressed and weaknesses in solidarity are obvious:

- You [management] favor large farm operations over smaller ones. Why is the Holstein breed constantly being promoted? Are Grade A producers subsidizing the price of manufacturing grade milk? A bias favors southern members over northern members. Grade B producers subsidize Grade A producers. Larger dairies are favored over smaller ones. Too many of the same members are recognized at meetings. □

These members feel alienated from one another, from management and employees, and from the organization generally. Solidarity is very problematic. The cooperative life model of analysis can help answer why.

Maladaptive Transactions Within the Organization:

Maladaptive transactions refer to exchanges (or their absence) that occur along the links that tie members together, and between members and the organization. They are considered maladaptive if they work against organizational purposes and organizational continuation. Disruptions in these channels, such as *blocks in communications, changing and inconsistent expectations, and exploitive relationships* can stress and frustrate the membership and compromise the integrity of the organization.

Communications Problems—Members indicate several areas where there have been breaks, absences, and/or mismanagement in communications. Lack of information makes members feel unattached. They don't understand and aren't an educated part of the organization. They comment:

- We need more information on policy, marketing, and the interworkings of the cooperative.

Some are baffled about precisely how their labor connects with the cooperative organization and how their compensation is determined.

- We need better information on what we're paid for and what we're penalized for.

How do you get protein in milk without the butterfat? How do you breed for protein? □

These communication breaks leave members disconnected from the organization and wondering how their labors or lack of labors, relate to monetary rewards. Members know certain criteria are used to evaluate their milk, but are confused on exactly how they are used and how to match production to the criteria. Such uncertainties can generate stress and frustration.

Very *concrete communication links* between members and the organization can be troublesome as well.

For example, members patronize a dairy cooperative, ultimately, to receive payment for their milk. Few links to the cooperative are more important to the member than receipt of the milk check. They want to know on what basis they are being paid and how much compensation is received for different aspects of their production, e.g., butterfat, protein, and volume. The check represents aspects of the relationship between the cooperative business and the member. In some ways, the check symbolizes overall cooperative expertise and efficiency. Members await its arrival. It needs to be clear and predictable:

- Some of us don't like the way the price of milk is shown on the check. It's mis-leading. It suggests we're going to get one thing and we get another. They need to be accurate. Once we got a check that didn't include the whole amount due.

Larger print on the checks makes them easier to read. □

Another concrete link is mailings. Mailings from the organization represent the cooperative to the member. In this era of financial austerity, some members complain about the quantity of mailings they receive:

- There is too much stuff coming through the mail. All these mailings are expensive. Could some be combined or eliminated? If more than one check and/or more than one magazine go to the same address, put them all in one envelope, and send only one magazine. Save money. The mailings that do come are frequently late. □

These kinds of experiences can add to perceptions of inefficiency, mismanagement, and contribute to a lack of identity with the organization.

Specific *information vehicles need to work* by providing a conduit for the exchange of information. Members particularly complain about the scheduling of meetings.

- We need to have meetings scheduled when and where we can get to them such as during good weather and at times during the day that make sense for dairy farmers (not during milking). We also expect to be able to get to them with some convenience and not drive 65 miles when two are within 25 miles. Members need to be heard. □

Organizational solidarity can hardly be built if members are excluded from participating.

Personnel and leaders themselves are vehicles for communications. Yet, members complain:

- The staff needs to be able to answer questions better than they have been. Not enough information comes back to the members through the directors. Cooperative personnel don't return our calls and don't answer our letters. □

Not informing members of changes in the cooperative show up in the comments across several areas:

- We need to know about changes in hauling ahead of time, not 50 days later.

We need timely and more complete information on major policy changes. For example, we have not been informed about a plant closing.

We need time to react to resolutions presented at the annual meeting before we vote on them.

We would like to know when changes are being made to our milk checks before they are mailed.

When decisions affect members' paychecks, questionnaires should be sent to find out what members want. □

The relationships between hauler and member is perhaps the most frequent and repetitive of any within the organization. Haulers arrive at the farm at least every other day. Physical plants symbolize the business aspects of the cooperative organization. Resolutions are typically temporary policy decisions invoked by a vote of the general membership. They represent one of the more democratic aspects of the organization. Member payment and milk checks are the immediate and direct result of a member's labor.

For the member, changes in any of these aspects represent fundamental change. Cooperatives promise predictability and influence in the organization. When changes occur without notice or without members' knowledge or consultation, member perception of the cooperative as being their organization is severely tested. These experiences raise questions about whose interest the cooperative is serving. Perceptions of member influence are compromised and solidarity is weakened. Changes were not *communicated*.

Inappropriately handled communications—whether lack of information and/or poorly designed or used vehicles—can contribute to stress, mistrust, frustration, and ultimately fractures in group solidarity.

Changing and Inconsistent Expectations—Some of the frustration, resentment, and lack of solidarity within a cooperative can be due to 1) changing expectations asked of members, and 2) inconsistent expectations that members hold of cooperatives.

Changing expectations can show up in several areas, but perhaps is most evident in the premium pricing of milk. For example, many dairy cooperatives historically awarded price premiums for the production of *high butterfat* (B-F) content milk. However, with the increasing awareness of adverse consequences of high-fat diets, shifts in premiums toward protein content have occurred. Members and their families, who have spent years raising herds devoted to high butterfat yields, are left with less-valued resources and investments. Members react, saying:

- There should be a higher B-F premium. We Jersey and Guernsey farmers work hard to

produce high butterfat and protein. It's not easy to convert quickly to new standards after breeding for butterfat for years. □

And this shift may explain such member-cleaving statements as:

- Why is the Holstein breed constantly being promoted? Stop paying for butterfat! Consumers don't want fat anymore. □

Other inconsistencies may be based in more general understandings of cooperatives. For example, typically members understand that they own the cooperative, and that it's organized for their use. Management and employees work for the members. It is very difficult for some members to understand that management and employees may have higher incomes than members, or that their incomes do not fluctuate like member incomes. Hence, we hear comments such as:

- Management should be paid in accordance with fluctuations in milk prices. ... When the farmer's pay goes up, so should management's. When the farmer's pay goes down, so should management's. Then they would remember who they are working for. Cut salaries and pay us more. □

Further, it is understood that cooperatives are organized by members to meet needs at the least cost—provide service, materials, and resources—or earning maximum prices possible for members' production, or in this case milk marketings. Cooperatives, like any other business, must compete in the marketplace, and provide for its organizational continuance. While responsible members need to consider how well their organization is functioning, some may have unreasonable expectations of operations:

- We own the business and can buy in bulk. Why do our supplies cost more? □

There is a confused expectation that because the business is owned by the members, they should automatically receive the lowest price for supply purchases. Yet, this cooperative's primary activity is marketing members' milk. They have only limited involvement in supplies. While members' questions require an answer, it tends to be based in an uninformed expectation of cooperative activity.

Similar misunderstandings occur concerning members' ownership responsibilities:

- When we get our checks, we see the printed pay price and then we see all those deductions. It feels like we're being robbed \$25 out

of each check. We have to pay income tax on the total amount in the current year, while you [the cooperative] hold and use it for 8 years and pay us no interest for it. And once we have capital retains in the cooperative, we feel stuck and unable to get out of an organization we may have come to dislike. Some of us wonder if the money is being well managed. It looks like maybe it's being wasted. □

Earlier comments suggest members value owning their business and expect it to work for them. Of course, that also means making financial contributions and time commitments. Be it lack of information or misunderstandings, these comments tend to betray member resentments about their financial obligations. Expectations of ownership tend to conflict with those of financial contribution. The comments also suggest a transfer of resentment to the organization and management as "wasting the money."

Members also expect the cooperative to be a viable organization that continues to serve them through time. To remain viable, organizations sometimes have to change in ways members don't like.

Acquisition and merger have been used by cooperatives to establish position and long-term competitiveness in the marketplace, to accommodate members, and to achieve better price and financial performance. Yet, these tactics have resulted in cooperative structure and member experiences that conflict with other expectations of the organization.

- Many of us believe in the importance of economic competition. When there's competition, farmers have more choices on where to sell their milk. It forces buyers to be more competitive and more efficient. Currently, the market doesn't seem to work very well for the farmer. Some of this seems to be related to our cooperative buying up a lot of the local creameries and processing plants. □

Members' experiences in a large cooperative tend to contradict expectations of cooperatives as being small, local, and personal. However, for the organization's long-term survival and the members' financial expectations, it must be competitive. Economies of scale frequently come into play as size and complexity of the organization increase. Relationships that might have been informal and personal in small organization, become impersonal and formal in large ones. Members complain of perceived insignificance.

- ❑ The cooperative seems too big. Our voice is like a drop in the ocean. ❑

Conflicting expectations can cleave solidarity. Members expect their cooperative to perform financially, remain small, local, and under their control, and to continue through time. Members don't like the changes of increased size and capital requirements that accompany realizing the former expectations.

Exploitive Relationships—Exploitation generally refers to the selfish use of a person, place, or thing, for one's own ends. Members perceive that management, employees, and member leadership have been acting in a manner that benefits themselves individually, at the expense of the membership. Whether these relations are in fact exploitive is not clear, but the perception is enough to dissipate solidarity. Members clearly articulate a sense of being exploited:

- ❑ Everyone except us is making money from our product. People getting the benefits don't seem to understand that if we quit milking, they would be in trouble. Every part of the dairy industry makes a higher profit than the farmer. This has to change. All we want is to make a profit. It's hard for us to understand why the cooperative is making so much money, while we are going broke. How about distributing some of those profits to the member-owners so we can stay in business? Is the cooperative paying us so little for milk so it can make cheap cheese? ❑

How members perceive relationships has consequences for the organization. When members perceive exploitation, frequently resentment and lack of commitment and trust will unfold:

- ❑ We're very skeptical of the cooperative's honesty. When it makes money we don't see increased patronage refunds. When bad management loses money, our somatic cell counts go up. Is there a surplus? When our hauler wanted to buy cheddar cheese for his route customers, the cooperative would not fill his order because it had no cheese to sell. Yet, we are told in the monthly newsletter that we have a surplus of cheese. What's going on here? ❑

Communication breakdowns, unfulfilled and/or contradictory expectations, perceived and/or actual exploitive relationships can fracture needed solidarity

within an organization. These malfunctions can threaten the cooperative's ability to provide member service through time.

However, members don't join cooperatives for communications and relationships per se. Rather, they join to have needs met by a functioning organization. If it doesn't members will question the reason for their participation.

Lack of Response to Specific Member Needs:

Lack of response in people's environment causes stress and frustration. People can adapt and cope when their environments provide flows of resources, materials, and information that meet needs. People struggle when these supports are missing—various needs go unmet and frustration and resentment frequently result.

Members need the dairy cooperative to accept all of their milk production, provide a guaranteed market, pay them the highest possible price, sell the milk and/or milk products in the larger marketplace for the highest possible price, and provide various services and materials that support and help maintain the farm operation and milk production.

Most of the previous comments presented in this report were nonresponsive reactions. However, this section looks more directly at very concrete cooperative purposes. It presents farmer reports on nonresponsiveness in the direct business environment—the dairy cooperative.

Milk Tests, Premiums, Deductions—Not surprisingly, one of the greatest areas of concern is about testing of milk and milk pricing premiums/deductions. These directly affect the dollar amounts members receive for delivered milk.

- ❑ Somatic Cell Counts (SCC): They should be used but raised to 500,000. Scale the somatic cell count down according to cheese yield. As is, it's too high. Somatic cell testing is unreliable and should not be used for premiums.

Protein: It is too difficult to qualify for the protein incentive. Protein standards should be raised.

Butterfat: Stop paying for butterfat. Consumers don't want it anymore. The butterfat premium should be higher.

Volume Payments: How about a volume payment? Stop volume incentives. Volume is part of our problem.

Premium Payments: All premiums should be higher—whether it's Grade B (manufacturing) or Grader A milk—to achieve quality milk. There sure isn't much reward for a person who works. We don't like any price differential anywhere. Prices should be determined by the market where the milk is sold.

Standards: We need new standards for such things as vitamins and protein. Then pay us for what our milk is worth by those standards.

Premium Deductions and Penalties: Why should bonus money be canceled for problems beyond the farmer's control, like aflatoxin in bad feed? Stop penalizing farmers with high counts. The SCC issue is handled unfairly. We are not being paid for our protein. We are not getting credit for butterfat, but it is still used in butter sales.

It would help if there were fewer deductions. We are in a difficult place and need the money. □

The last quote sums up best the earlier ones. Members are in a difficult place and need the money. They see clearly, but perhaps narrowly, ways to maximize their returns. While some members call for increases across the board for everyone, many others call for selective enhancement or for removal.

Typical enhancement and/or removal comments are based in the interests of specific categories of producers. Those penalized object the loudest. Butterfat producers dislike reductions in the premium. Those who want volume payments are likely the larger and/or expanding producers. Similar splits occur with producers of milk for cheese versus Grade A milk for the fluid market, and small versus large producers:

- P.I. tests on Grade B milk producers should be discontinued. Milk for cheese should not have to meet the same requirements as Grade A milk. Having to lower somatic cell counts causes the small farmers big problems in herd replacement. □

These comments express desires to make the cooperative respond to particular categorical needs. In their differences, they represent group cleavages that contribute to frustration and alienation and stress organizational solidarity. They cleave along the lines of financial interests as represented in premiums and deductions.

Milk Quality—Evident in many of these comments, however, is a clear commitment to produce a quality product. This need is strong in comments about the timeliness and accuracy of tests:

- **Timeliness:** Milk quality sample results need to come back quicker for better quality milk, and better herd management decisions. We didn't receive our bacteria counts until 4 to 6 weeks after a problem. Antibiotics tests should be made before the milk is picked up:

Accuracy: We question the accuracy of the tests. The somatic cell count and the butterfat tests are not consistent with the last market where we shipped milk. Our somatic cell has been higher since the samples have been sent to a different location. The State and DHIA tests are different. Our somatic cell count went way up with one pickup and then dramatically dropped.

Antibiotics: The real problem is antibiotics. The public is outraged about it. It's not wise to reduce acceptable levels on somatic cell count. That would increase the antibiotic problems and get us into trouble with our consumers. □

Members expect quick and accurate results on milk quality tests from the cooperative.

Support Products—Quality and cost issues and the availability of service/products are also concerns.

- We're having trouble getting dairy supplies and farm services. They're cheaper other places. Cleaning products are overpriced and don't clean well. You charge double for milking equipment and cooler parts.

What's the policy for refinancing? We tried to refinance some milking equipment and were denied. □

Members want the support of their cooperative. With the cooperative's assistance, they seek to produce and have access to quality products. They expect to see positive financial margins, achieved in part with the dollar returns to their milk production and low-cost supplies.

Haulers, Field Representatives and Service—Personnel are often key to providing efficient services. Members say, "Personnel need to be quality people"

who do their jobs well. However, difficulties occur contributing to frustration, stress, and opposition to the organization:

- Some of the haulers are doing a lousy job. We observed one hauler pumping a tank empty while cows were still being milked, and not emptying the tank after he starts pumping it out. How do you justify this type of action, i.e., inaccurate tank weights? New drivers are typically off on their readings. □

The most frequent contact the member has with the cooperative business is through the hauler. All of the farmer's work becomes focused on the milk being collected in the bulk tank. The farmer must feel confident that this measurement is accurate. Adverse experiences work against that need and can dilute commitment.

Next to haulers, field representatives have the most contact with members. The field person's role is to help members acquire resources, knowledge, and skills to function successfully as a dairy producer and cooperative member. Representatives can only do this if they are available:

- Field representatives frequently aren't available when we need them. We've been told we'd be lucky to see a representative three or four times a year. Poor ones don't come even after we call them. □

Members suggest that availability is especially important for new farmers.

- You need a lot of help when you are new in the business. We asked the fieldman to check our milking equipment. He said he would, but never did. □

Availability may mean more than just being on the farm.

- Some we've had didn't seem real interested in the farmer or in helping improve the farm business. □

Members need to have interested and motivated field representatives. And it's obvious to members when they are not. The written comments suggest members are disappointed with their representative's lack of presence on the farm, both in their physical presence and attitude. This is particularly troubling for those who have strong commitments to producing a quality product.

- Even if it's a Sunday, shouldn't they check out an antibiotic problem, rather than just saying, "The cooperative will pay for it."? We would like them to contact us when we have an above normal "PIC" or "SPC" counts. □

To the extent these needs aren't addressed, members see their cooperative as unresponsive and become dissatisfied.

Plants, Managers and Employees, and Milk Price—

The primary indicator of organizational responsiveness for many members is the price of milk. Members find it difficult to see the organization responding to their needs if "prices stink." While considerable influence on price determination lies beyond the cooperative, many members hold management primarily responsible for its makeup:

- We deserve better prices. If you don't match prices in other companies, you can expect some dissatisfied customers.

Is the cooperative paying us so little for milk so it can make cheap cheese?

It's a shock to see how much milk sells for in the grocery store and how much we get for it on the farm. What does our milk wholesale for? How much is the middleman getting? Is top management getting it?

Stop being so stingy. Let go of some of the money. If the situation doesn't improve, some of us are not going to be around. We receive less than the national minimum wage. We just want to make a decent living. □

These members presume the cooperative has considerable discretion over price and is withholding returns. The cooperative and management are considered unresponsive.

Conversely, the cooperative organization is caught in various double binds. Precisely because returns have been so poor, these and other dairy cooperatives have sought to remain competitive by increasing scale—merging, agglomerating, and acquiring other plants and companies—to survive in the market. This strategy precipitates other unintended consequences. How the consequences relate to better prices and/or improved efficiency is not always clear to the individual member.

For example, local plants are sometimes closed. Members may feel they need local accessibility to remain functional. They may have helped form some of these plants. When they close, some members may feel a sense of personal loss.

- We don't like you closing our plants. Reopen some of them. Remodel existing plants. Please provide better management. □

Members' loss is not only in plant accessibility, but also loss of identity, i.e. "our plants." From those feelings of loss, it's always clear how "closing actions" relate to the farmers' milk price.

Similarly, while many of the comments about *management and employees* have a lot to do with performance, some of the dissatisfaction is likely due to the managerial/employee culture that develops with emergence of large complex cooperatives. Members no longer feel the cooperative is as much a part of them. Frequently, these comments are quite pointed and can be characterized as "*management doesn't understand how it is out here*" on the farm. Managers and employees are perceived as different, and removed from the farm, not only by distance but also by values, beliefs, and lifestyle.

When these unintended changes are accompanied by stagnant or declining prices, the organization is seen as unresponsive—not providing flows of resources, materials, and information that meet needs. This is particularly the case for members who believe management can control price by being "stingy" and withholding payments.

These comments on the unresponsiveness of the cooperative imply that members' frustrations and cleavages in cooperative solidarity are due to: 1) negative experiences with prices generally, premiums, and deductions, 2) incompetent haulers and field representatives, and 3) failures in quality assurances of milk and cooperative products. These experiences are complicated and deepened by unintended problems of scale, and strategies of larger cooperative to be competitive.

Some members disclose a greater awareness that extends beyond the cooperative and into the larger environment:

- Raise the support price. Support a flat Class I differential in all Federal orders. Find an alternative method for cheese pricing other than the National Cheese Exchange. Parity pricing is way out of line. We need 85 percent

parity. Could we find something different than the M-W cheese market on which to base milk prices? □

These comments detail an understanding that influences from the larger environment—Federal milk marketing orders and M-W base point pricing—affect how supportive an environment may be.

Ultimately, members themselves, struggle to maintain their own farm businesses in the larger environment.

Unresponsiveness in the Larger Environment:

The larger environment within which dairy farmers function has been difficult at best. Members directly express their frustrations in trying to survive in this environment. They report prices of milk have been low and or have declined while costs of supplies have risen dramatically:

- There is no profit. We can't stay in production if costs are higher than returns. Some of us have sold our heifers and replacement heifers to pay bills. We would like an agriculture where we could pay off our debts and still have some free time. Prices are going to have to come back and stay at a healthy level for us to survive. □

Producers question the progressive adoption of technologies to improve their returns. Some suggest technologies have made matters worse:

- Farmers are constantly being forced to use and pay for more and more technology to become more efficient. But, we are rewarded with lower prices that come with greater surpluses. □

Statements reveal farmers seeing themselves historically as the "backbone" of the economy and central to its health:

- Agriculture is the backbone of the country, not automobiles. We feed the world. Our Government uses food in its policy. When we make money, we pay taxes, buy groceries, furniture, and clothing. Yet, we get little of the return. □

Farmers see their expectations as reasonable. The economy is better off when farming is healthy, but larger conditions have been oppressive. The Nation has not appreciated their importance.

- We came into farming not expecting to get rich, but to continue the lifestyle in which we were raised. What we have feels like slavery. Prices stink. We need a fair and equitable price. Other workers can get a minimum wage. We think the powers that be could figure a way for farmers to be paid a fair price that would cover expenses and provide a decent living. We'll be out of business in 5 years. □

Consistent with these positions are feelings of being victimized and powerless. These feelings generally indicate that strategies have been tried, but to no avail:

- We feel others are taking advantage of us. Everyone else makes money off our product except us. The people getting the benefits don't seem to understand that if we quit milking, they would be in trouble. □

We work long, hard hours, produce a great product, and keep getting paid less and less while costs keep going up. We used to think we were the backbone of this country. Now we're not so sure. My father got more when he started than we do now. We're old now and owe more than when we started.

Some of us went through the milk diversion, the buyout, and now a starve out.

Under such conditions, comments reveal some members look toward Government and the cooperative, and raise questions of integrity:

- We're being victimized by collusion between the Government and cooperatives. The cooperatives sell milk to the Government to create a surplus, and then buy it back. This drives the price of milk down. We don't believe there is a surplus. The Government wants cheap food. Government and the cooperative aren't paying dairy farmers a fair price. What will the Government or our cooperative come up with next to gyp us out of our payments? □
- This country is beginning to look like those with dictators. When that happens, we're getting out. We won't work under dictators. □

Ultimately, farmers are concerned about their survival:

- It's very difficult to survive this way. We know we're important, but no one seems to appreciate that. Farming is becoming a rat race where the bigger rats kill off the smaller ones and Government takes over. □

While many farmers have survived, many others have not. Stress and frustration are likely high for surviving farmers who witness these displacements.

Cooperatives emerged to help solve farmer difficulties. To the extent cooperatives haven't and can't solve many of these survival problems, members hold the cooperative responsible. Solidarity among members and between members and the organization suffers.

Summary And Historical Synthesis

This section summarizes the foregoing analysis, but from a historical perspective. [This perspective was developed from the works of Manchester 1983; Babb 1980; Dupuis 1991; Gilbert 1988; Godwin 1975; Guth 1982; Hamlet 1991; Liebrand et al 1991; Ling 1982, 1993; Roof 1983; and Tucker 1972, 1977, 1979.] Attention is given to integrating the entire set of comments as a group. From this more synthetic understanding of the comments, producer experiences as cooperative members and dairy farmers is better understood. With this historical and integrative understanding in place, recommendations are made.

Historical Transitions:

The historical market conditions facing dairy producers stemmed largely from the characteristics of milk and milk production itself (Manchester 1983). The conditions of perishability, variability in supply and demand, production growth, and surpluses placed the individual farmer at a severe disadvantage in the marketplace. Proprietary processors and manufacturers had the potential advantage to dictate prices and refuse to accept producers' milk.

Some farmers attempted to offset these market disadvantages by forming dairy cooperatives. In doing so, farmers through their cooperatives, assumed responsibility for resolving many of the milk marketing problems. This included balancing the supply of milk—which varies seasonally and daily—to meet demand.

Reserves had to be made available to meet peak demands. Outlets for market excesses above slack demand periods were needed. Demand/supply bal-

ancing functions within local markets and between related markets in close proximity were required. Surplus milk supplies were channeled into butter, powder, cheese, and specialty products: 1) to provide additional market outlets and 2) to maximize milk's ability to be stored and transported.

Large complex dairy cooperatives evolved to address these and other emergent problems. Large size, mergers, acquisitions, and decisionmaking predominantly based on obtaining efficiencies, savings, and economies of scale became a given of continued operations.

Competitors such as investor-oriented firms (IOFs) have seldom performed these various market functions and services. Nor do IOFs usually guarantee a market for individual producers' milk. Cooperatives incur costs in performing these functions. If these costs can not be recovered in the market, they are at times, passed back to member-producers in the form of lower milk pay prices. This can potentially place some cooperatives at a competitive disadvantage.

From the individual members' perspective, most member-producers don't operate at the level of the organization. They function on the farm. Their task is to produce at a level that maintains or enhances their lifestyle as dairy farmers. Many are caught in a treadmill bind. As individuals, the more they produce, the lower the price. The lower the price, the smaller their profits or larger their debts. The smaller the return the greater the need to expand production.

The binding nature of this lifestyle frequently becomes reflected in farmer views and opinions about the world. It shows up in written comments as a series of oppositions between the farmer and the cooperative, the farmer and the market, and the farmer and Government. Figure 3 presents these oppositions as synthesized from comments (and following guides on qualitative research from Glaser and Strauss 1967; Patton 1990; Marshall and Rossman 1989).

Member Frustration: Summarizing Tableau

Figure 3 presents oppositions dairy members face in their daily experience. Central is the members' individual and historic need to produce all they can at the best possible price, the cooperative's guarantee to market all of their members' production, and the market's ability (or inability) to absorb the product.

When farmers receive low prices for milk they tend to behave rationally as individuals and either produce more milk to raise their incomes, try to find ways to reduce expenses, or direct their energies to some other more profitable outlet. They often work

long hours at least 6 days a week, to produce more for less expense. Herds are milked twice or three times a day, 7 days a week. To assure maximum returns, farmers incur considerable expense to produce a high quality and nutritious product. Yet, per-unit prices remain low. Expenses, when and if covered, leave very little disposable income. Scale is increased, acreage and cows are added, machinery gets larger and more complicated, volume climbs, and loans are secured to cover increased costs. But, returns remain small.

Members see retail prices for milk in grocery stores and restaurants and wonder, where does all the money go? Milk in a restaurant sells for \$1.35 a glass, but farmers only get a nickel of that. Input prices increase 300 and 400 percent. Yet, producer milk prices rise slightly, stay stable, or decline. If the plant to which they regularly sent milk is closed, they must ship their product to more distant locations. Many felt emotionally linked to their local plant and resented to see it go.

As members of a cooperative, certain expectations are set up concerning members' influence and treatment because of their ownership interest. Cooperative principles suggest members' rights of control/influence and equal treatment. Yet, while farmers go broke or nearly so, the cooperative continues to make money. Managers work for the producer-owners, yet have much higher and more stable salaries. Farmers are told they are being paid a certain price, but the cooperative retains some of it for several years to sustain the business.

Many expect to have some sort of equal treatment but find different farmers receiving different prices depending on where they live, how much milk they produce, and what their milk contains. These experiences counter their hard work on the farm and some of their expectations of cooperatives. Many feel they give a great deal for little return.

On the farm, members are in a position of power. If a job needs to be done, they do it. As one farmer said, they're out against the elements, have massive jobs to do, and quietly do them. However, when confronted with the market, the individual is as powerless off the farm as he/she is powerful on it.

In the context of giving everything and receiving little—while working very hard and effectively—a human tendency is to assign blame. When problems show up on the farm, they are generally solved, even if it takes a lot of long hard work (and it generally does). If problems off the farm are not being solved (and farmers feel certain they are not because prices are so low), it is considered due to negligence or exploitation.

Figure 3—Oppositions Dairy Farmers Face

Observe low milk prices	↔	Produce more
Work the longest hours	↔	Receive the least return
Produce a nutritious	↔	Receive the least return
Observe farm price of milk	↔	Price in the store
Observe farm price of milk	↔	Price of inputs
Experience change and inconvenience	↔	Local plant closed by co-op
Losses on the farm	↔	Profits at the cooperative
Observe farm price of milk	↔	Managerial salaries
Management works for members	↔	Per unit capital retains
Expect equality	↔	Cooperative equity issues
Expect equality	↔	Competition
Powerful on the farm	↔	Experience powerlessness
Experience powerlessness	↔	Assign blame
Anti-big business	↔	Need for mergers and acquisitions
Anti-government	↔	Price fluctuations, possibly lower prices
Sense of entitlement	↔	Experience powerlessness
Experience powerlessness	↔	Frustration/victimization

From this setting, issues of equality and lack of fairness become more focused. Grade A producers see themselves as subsidizing Grade B producers and visa versa. Large and small volume producers look at one another in a similar accusatory fashion. Others cry for help to preserve the family farm. Fingers are pointed to management and salaries, with a call to cut them and distribute more money to members. Director competence is questioned. Term limits are suggested.

As a collective, cooperatives are an offset to individual powerlessness. Cooperatives have merged, made acquisitions, innovated products, and penetrated markets. Yet, "the" cooperative is considered too large, a "big" business, too far from the farm, and monopolistic in its tendencies. It's frequently seen as eliminating important local competition and leaving the farmer with few or no alternatives. While all members may benefit locally from a merger or acquisition or from market functions performed, individual members may experience lower prices or less service. What might have happened had a merger not occurred is difficult to assess, particularly when bills are coming due.

Anti-big business is matched with anti-big Government. Government is seen as distant, meddling

and controlling, and doing too little or not enough. Farmers, ready to solve their own problems, may call for Government exclusion from problem solving or different involvement from what currently exists. As with mergers, there is no way of knowing precisely what the current situation would be like without Government programs. But, from within current policy and current circumstances, some members see them as inadequate and call for change.

Conceiving of themselves as the "backbone" of the economy and center to its health, members sometimes feel mistrustful and personally victimized within what has become a national and global economy over which they have little or no influence. These conditions many times have required mergers and consolidation by a distant, "big business" cooperative.

Out of this frustrating and double binding experience, solidarity collapses, and members write:

□ Get rid of [the CEO] and most of the rest.

We came into farming not expecting to get rich, but to continue the lifestyle in which we were brought up. What we have is slavery. Prices stink!

You're probably no worse than [large dairy cooperatives]. They're all crooks too.

Larger producers are getting away with sending contaminated milk.

Do we get the whole truth or the slanted truth?

When bad management loses money, our somatic cell count goes up. We do not trust the tests.

From where we're sitting, you all look like a bunch of college-educated punks and afraid to get dirty. Many of you have never worked on a farm in your life, yet you continue to get high salaries.

The cooperative sells milk to the Government to create a surplus, and then buys it back. This is done to drive down the price of milk.

The Government wants cheap food. □

This overview reflects the logic of frustration that exists among some members. It presents the historical transitions that members have had to endure and adapt to. It is likely most members can relate to this scenario at some time and in some way, particularly when things are not going well on the farm. "Crackpots" may simply be articulating what many other members are feeling.

These comments suggest dairy cooperatives, at a minimum, need to become more personalized in dealing with individual farmers. Understanding the historical drama of farm loss—as members witness bankruptcies and sellouts of relatives and neighbors, and experience their own solvency problems—should help provide a context to any member comment. Cooperative personnel and representatives can then use this understanding as they work within their relationships with members.

Cooperative leaders, more than anyone else, need to provide open channels for members to express their needs and concerns.

Recommendations¹

Maladaptive transactions—communication breakdowns, inconsistent expectations, exploitive relationships, and unresponsiveness, both from the organization and in the larger environment, contribute to member stress, and fracture cooperative solidarity. Perhaps the best way to directly respond to member dissatisfaction is to listen. The following recommendations come directly from members or are implied by their comments. Not all are feasible. But, they represent actions these members, at a minimum, would want considered. A careful assessment of their comments and a sensitive awareness of dairy members' history can go a long way toward creating a more responsive organization that is capable of handling member distress. Listening and responding build solidarity and commitment.

Maladaptive Transactions

Here are some recommendations for preventing roadblocks and breakdowns and improving communications:

- Let members know they're heard by discovering and eliminating any barriers, and/or improving the communication/listening skills of those relating directly with members such as fieldmen, directors, and haulers.
- Arrange meetings at convenient times for the most members. Encourage broader participation by members in local offices. Provide for broader recognition of members doing important jobs for dairy farmers and the cooperative. Mitigate insider/outsider feelings of some members with recognitions and participation.
- Assess issues such as revolving directors, average length of director service, and member availability to serve on the board and/or hold office.
- Create a petition option for members that allows them to change district assignment in cases of hardship, where a different district could better accommodate his/her needs. For example, keep driving time to meetings below 60 minutes.
- Provide regular contact between members and the leadership. If each elected representative visited one

¹ Development of these recommendations relied upon the input of Carolyn Leibrand and previous technical assistance work done by Ms. Liebrand the author

farmer a month, every month, to listen to on-farm problems, coverage would be massive. This could be part of the duties of every position.

- Consolidate mailings to minimize duplicate materials being sent to the same farm.
- Consider installing a hot line (800 number) for emergencies and complaints.

Recommendations focusing specifically on *changing and inconsistent expectations* include:

- Honor members' convictions about the cooperative form of business. Help them understand how cooperatives enable farmers to act collectively, but in the context of an increasingly complex and globalized economy.
- Help members understand why the cooperative needs to be healthy financially even though individuals may be losing money. Explain the costs of guaranteeing a market and providing market functions. Demonstrate to members the capitalization required to develop and market value-added products, and the benefits received from capitalizing the cooperative.
- Consider the pros and cons of all options of financing the cooperative (e.g., retained patronage refunds, a base capital plan, and capital retains).
- Review fairness in hauling rates. Are differing hauling rates being charged in reasonable ways? Explain differences between equity versus equality issues.
- Review carefully the bonus prices to farmers located in highly competitive regions. Such issues can build up resentment in regions where there is less competition. Show how the farmers in the cooperative generally benefit from retaining members in areas of more intense competition.
- Educate members to the reality of the market for management. It is not the same as the market for milk. Members must be willing to provide sufficient managerial compensation to attract and retain expertise capable of running a large complex organization. Current levels of managerial compensation are well below those found in investor-oriented firms. Tying salaries to the milk price is inappropriate.

Recommendations addressing perceived *exploitive relationships* include:

- Consider publishing management profiles in magazines that emphasize agricultural and rural backgrounds of management and employees, as well as their hard work for the cooperative. Build awareness

that management and employees and members are less different than they thought and that the cooperative's personnel are working for the producer.

Recommendations addressing both *communications and perceived exploitive relationships* include:

- Develop more contacts between management and members, so each can become familiar with and learn to trust one another.
- Encourage corporate-level management to personally attend district meetings, even if on an infrequent but regular basis. Part of the agenda should be directed to making it clear that management wants member input.

Recommendations covering all aspects of maladaptive transactions—*changing and inconsistent expectations, perceived exploitive relationships, and communication breakdowns*—include:

- Communicate to members that management realizes: 1) members supply the milk, 2) that their own jobs at the cooperative depend on the dairy farmers' ability to produce milk from their herds, 3) that they understand that times are difficult for the dairy farmers, 4) and that they realize they work for the member-owners.
- Communicate and educate members on how decisions on mergers, consolidations, or closing of "local" plants are reached. Competition not only keeps the cooperative "on its toes" but also sets limits on its effectiveness to obtain the best price for members. Clarify the long-run advantages of a continued guaranteed market with a stable and reliable organization, as well as the market functions performed.
- Management must keep the membership fully informed on the details—merits and drawbacks of any proposed course of action or lack of action so members can form an educated opinion available options. This will empower members to make the choice to support or oppose proposed changes.
- Educate members on the economic and market realities behind cooperative pricing policies, with particular focus given to tradeoffs between equity and equality. Explain farmers across the road from each other could be getting different prices. (Are big farms favored over smaller farms or the reverse? Are Grade A producers favored over Grade B producers or the reverse, etc.?)

Unresponsiveness of the Cooperative

Recommendations emerging from comments concerning direct member needs included:

- Advise members about what price incentives they are receiving. Define clearly the assessments, bonuses, and penalties. Show why there has been a shift away from butterfat and toward protein. Reexamine ties between bonuses and penalties, i.e. separate protein bonus and somatic cell penalty. Review all items on milk checks.
- Communicate to members the basis for differences between retail prices and the farm price. Explain what happens to the money between the retail price and the price on the farm. Tie-in the cooperative's work on value-added products, product innovation, and mergers.
- Investigate availability and cost of supplies. Members are concerned that supplies may be bought more cheaply from competitors. Management could communicate understanding of member problems (e.g. high input costs) by emphasizing the availability of high-quality, reasonably priced supplies. If this isn't possible, is the benefit of making supplies available worth the cost to members?
- Review timeliness with which supplies are delivered.
- Investigate the speed with which test results are made available to the farmers. Could other alternatives get results to members quicker? Investigate the reliability of all tests and assure members, where necessary, that corrections have been made or continued accuracy will occur.
- Consider making field staff more accessible—telephones in their cars, 800 numbers, and more personnel. Is there a specific period of time that each member can be expected to have been contacted by a field staffer—once a month, once a year, personally, or by telephone?
- Review with haulers the appropriate and ethical methods of milk pickup. Emphasize this with new haulers and drivers. Review the importance of informing members know about coming changes. Investigate whether hauling rates are kept artificially high when fuel prices drop.

Members are highly concerned about the price they receive for milk and its relation to supply. They had several recommendation about improving the supply-price dynamic:

- Supply/Surplus: Control the supply of milk. Develop a surplus management program. Develop a quota system and some fair prices. Control milk from farm to consumer. Consider a base plan. Go back 10 years. It is doubtful prices and production can be controlled any other way. This seems a better alternative than trying to deal with roller coaster prices.
- Consider dumping. If all dairy farmers would dump milk for one 24-hour period, that would take care of the surplus. Explore ways to distribute surplus dairy products (e.g., non-fat dry milk) to national and international programs to feed the hungry.

Some members feel that marketing/sales and advertising need to be emphasized:

- Marketing and Sales: Seek to expand dairy exports and eliminate dairy imports.
- Put more emphasis into selling milk and less on processing. Concentrate on selling products directly to the retail consumer, even if that means buying outside milk or dairy products to supplement members' milk. Do a better job at the retail level—all we see is competitor's products. Offer incentives or programs to get the price down in stores.
- Sell whole milk. Just pasteurize raw milk, bottle it, and push it out the door. Market dairy products at the producer level. Sell a good product, not 2 percent.
- Continue to increase value-added and new products.
- Do more nationwide marketing.
- Advertising: Spend more money on advertising. What about grocery store product demonstrations? Advertise our own milk more. Advertise milk as substitute for soda and tea. Let's advertise that butter is not as bad as it was once thought and/or find another use for it.
- Advertise milk as health food—97-, 98-, and 99- percent fat free. If there are laws against this, change them!
- Advertise more through 4-H groups, FFA, and other farm youth organizations.

Others suggested advertising dollars might be better spent elsewhere:

- Stop paying the National Milk Board. They are not producing. We could use the money to expand into new markets and develop new value-added products.

Unresponsiveness of the Larger Environment

Members had definite suggestions on how the larger environment might become more responsive to their needs. They were directed toward cooperatives working with each other, the dairy industry, Government, and national policy.

- *Cooperation among cooperatives:* Our interests as farmers might be better served by cooperating more with other cooperatives. We might be able to eliminate some of the middle costs and become more efficient. That savings could then be passed back to us. We could do something about the low prices if cooperatives would cooperate with one another. Market internationally. Work with other cooperatives to not take on new producers. Get the supply down and prices up. Set up our own supply control program.
- *Dairy industry:* Survival depends on: 1) bargaining with the proprietary processors for a fair price; 2) controlling the surplus of milk if and when there is one; 3) educating the customers about what goes into producing milk and milk's purity; and 4) working with restaurants to promote milk.

Comments in the "Government" section ranged from recommendations for total Government withdrawal to continued involvement, but in a different way.

- *Government:* Get State and Federal Governments out of the dairy business and sell in the marketplace. Let supply and demand take care of itself. We need sales, not subsidies. The dairy industry can handle its own problems.
- If Government was out, we would probably still need it to sell surpluses on the world market, even at a loss if need be.
- We need production controls, but let cooperatives not Government run them.
- Get out of Government programs gradually.
- Get back to supply and demand, but only if the rest of the world follows suit.
- Remove price supports for 1,000-cow herds. Price supports should be set at the same level and not vary geographically.
- Establish a quota system like the one used in Canada.

The final section of recommendations expressed concerns for farm survival:

- *Policy/National:* Give priority to the United States and, in particular, family farms and family farmers. Reduce taxes, raise farm prices, and lower interest rates for farmers. We need a business climate that allows small businesses and family sized farms to cover expenses and make a reasonable profit. Reduce or abolish the capital gains tax. This would let older farmers retire with a decent living. Younger people could then buyout their "Dads."
- Take care of agriculture and agriculture will take care of America.

Ultimately, the cooperative organization must emphasize the several mutual interests of dairy farmers. When dairy farmers act collectively through their cooperative, they can realize at least some of their respective individual interests. But more importantly, when they act together they build their collective strength as dairy farmers.

To make the cooperative work for them, they must continue to participate, involve themselves with their dairy farmer neighbors, and with their organization. Being heard is a start, both for the member and the larger cooperative. In the last analysis, managers, employees, and elected officers must constantly remember the simple but profound fact that the cooperative is the members' organization.

Data: Abstracts of Comments

Cooperative Business, Operations, and Services:

More than 40 percent of the comments were on members' experiences with "Cooperative Business, Operations, and Service." Comments are subdivided into 11 sub-areas — 1) management, employees, and the cooperative overall; 2) haulers and hauling; 3) service, supplies, and products; 4) milk testing; 5) operations; 6) plants; 7) communications; 8) mailings and 9) lobbying.

1) *Management and Employees.*— These comments basically addressed two areas: 1) perceived distance between management/employees and the members and 2) employee performance. A synthesis reveals members saying:

Distance Between Management and Members: The cooperative is too big. Cooperative size and the *Fortune* 500 seem far removed from this farm. And the executives also seem to be a long way away. We take pay cuts, see our prices fluctuate and drop to some of their lowest points, and yet management keeps getting paid high salaries. Many of us can't even cover expenses. Management is overpaid and has forgotten for whom they work. They really don't know what it is like out here. It's us out here fighting the elements. We see the trips, pay raises, and business suits, and then we see our prices. Our wages drop when yours go up. We get up at 4 AM, work everyday, and have no vacations or paid days off. You look overpaid, overcompensated, more concerned with acquiring small companies, and building the cooperative as an entity separate from the farmer.

There isn't enough agricultural background in management. How about coming out here, milking some cows, and getting educated about dairying?

Performance: Management forgets that the farmer is the reason the cooperative exists. They seem more concerned with the business entity and less with making a profit to distribute to members. Management seems preoccupied with "big business." They are even out of touch with local plant managers, field personnel, and haulers. Management isn't making decisions in the best interest of the members. We are left with management demanding pay raises and shifting their

responsibilities to the members. Considering what they do and what they have invested, management is overpaid and overstaffed.

When we have antibiotics in the milk, it is not easy for us either. We don't need management making sarcastic comments like, "Where do you want it?"

Management tends to treat us like suppliers rather than owners of the business and seems overly concerned with "the business" and not the farmers. Why haven't they come out against the bovine growth hormone? That would convince some of us they were more interested in family farmers than making profits that make the leadership look good.

Employees at some of the plants don't seem to be doing very much. They should be producing. When expenses exceed returns, get rid of them, just like with a cow. There would be no problem if management was as efficient as farm operators.

Other changes specifically mentioned were: Start paying attention to the farmer again and not the employees and big business. Management should be paid in accordance with fluctuations in milk prices or some profit-sharing scheme. Management's pay should follow the fluctuating level of pay farmers get. Then maybe they would have a better idea how it is for us out here. They should remember who they work for and that they are replaceable. Cut salaries and personnel and pay us more. A reduction in staff may be needed, with the ones left working harder. Get rid of the chief executive officer (CEO) and most of the rest of his staff. Send some of that management money to us. Attend district meetings. Keep overhead costs down. Too much money is spent on meetings.

2) *Haulers/Hauling:* Comments on hauling and haulers primarily dealt with issues of fairness, performance, and communications.

Fairness: We believe there is a lot of unfairness in the hauling schedules. Rates don't come down when fuel prices drop. They're higher than rates of other cooperatives in the area. There is too much difference between routes. Volume discounts for larger farmers are unfair. Smaller producers end up subsidizing the larger producers. One hauler tried to get a farmer dropped because he was too small. This isn't fair. We would like lower and more equal rates. Basing rates on volumes is not enough. Distance and topography should be considered as well. We don't trust our driver. He is constantly shorting us at least 50 pounds.

Hauling Performance: Too many trucks are running around in the same areas. Trucks are too big and the routes too long. Some haulers do a lousy job. We

saw a milk hauler pumping a tank empty while cows were still being milked, and not emptying the tank after he started pumping it out. How do you justify this type of action, i.e. inaccurate tank weights? Why does the milk hauler truck have to be at the dairy before 2 p.m.? New drivers are typically off on their readings.

Communications: We need to know ahead of time when changes in hauling are made, not 50 days later. Hauling rates and rate changes need to be better explained.

Other changes suggested: Can some trucks be eliminated? Train new haulers.

3) *Service, Supplies, and Products:* These comments predominantly dealt with availability, price, and quality of products.

We are having trouble getting dairy supplies and farm services. They're cheaper other places. Cleaning products are overpriced and don't clean very well. You charge double for milking equipment and cooler parts. You charge like you are our only alternative. We would like more of a choice on supplies. We could use a supply truck to run a route. The per-stop charge on service calls is too much. We own the business and can buy in bulk, so why do supplies cost more? Deliver supplies when we order them, not 10 days later. What's the policy for re-financing? We tried to refinance some milking equipment and were denied. Our ice cream is not a good product and needs improvement.

4) *Testing (SCC, Quality, Protein, SNF):* Comments on testing primarily dealt with timeliness of doing tests, the tests themselves, and their accuracy.

Timeliness: We need quality sample results quicker for better quality milk and better herd management decisions. We didn't receive our bacteria counts for 4 to 6 weeks after a problem. Results should be brought to the fieldman right away. Antibiotic tests should be made before the milk is picked up.

Testing: We are very glad to see the strict antibiotics rules. Give us two plate-bacteria tests per month rather than one. Do more sampling of individual cows to improve quality. Eliminate the PIC count, but leave the somatic cell count. With frequent somatic cell and bacteria testing, let's eliminate farm milk inspections. We need to discontinue tests on grade B milk producers. Cheese milk should not have to meet the same requirements as Grade A milk.

The real problem is antibiotics. The public is outraged about it. Reducing acceptable levels on somatic cell count will increase the antibiotic problems and get

us into trouble with our consumers. Having to lower somatic cell counts causes the small farmers big problems in herd replacement.

Accuracy: We question the accuracy of the tests. The somatic cell and the butterfat tests are not consistent with the last market I shipped to. Our somatic cell count has been higher since the samples have been sent to a different location. Even State and DHIA tests are different. Our somatic cell count went way up with one pickup, and then went back down. What if the hauler or lab person makes a mistake and records a positive as a negative? What happens the next day and who is liable?

5) *Operations:* Complaints on milk checks dealt with printing and format, accuracy, timing, and communications.

Printing and Format: Larger print on the checks would make them easier to read. Display of the price of milk on the check is misleading. It suggests we're going to get one thing and we get another.

Accuracy: We need to have accurate records. Once we got a check that didn't include the whole amount due.

Timing: We need to receive our milk checks in a more timely and predictable fashion. They don't come on time often enough. It's hard to pay our bills when our milk check arrival time is so variable. Here are some suggestions: 1) Send them on the 1st and the 15th of each month. 2) How about 3 checks a month? That's what another cooperative does. Send them on the 1st, 10th, and 20th. 3) Get our last check to us before the last day of the month, especially if the last day falls on the weekend or a holiday. We need the money to pay our bills.

Comments on operations dealt with a series of complaints on bottlers, products, executive travel, and membership policy.

Decisions seem to favor bottlers and processors and not the farmers. Why invest in nondairy items? Too much money is being spent on airplane travel. Return the money to the members. We do not like the lack of support for local dairy promotions. Why are producers let back in after they have quit the cooperative?

6) *Plants:* Comments on plants dealt with closings, management, and upkeep.

We don't like having our plants closed. Reopen some of them. Remodel existing plants. Please provide better management.

7) *Communications/Information*: Comments on communications/information predominantly dealt with personnel responsiveness, and types, quality, and quantity of information.

Cooperative personnel, particularly field representatives, are the most effective communicators tools the cooperative has. The CEO should attend some local meetings. Not enough information comes back to the members through the directors. Some cooperative personnel don't return our calls or answer our letters.

We need information on policy, marketing, and the inter-workings of the cooperative. New members especially need information on services and policy. We need timely and more complete information on major policy changes. For example, we have not been informed about plant closing. We also need better information that explains payment and penalties. How do you get protein in milk without the butterfat? How do you breed for protein? Executive salaries should be disclosed. These are difficult times. Many of us are going under. We would like to know about changes in our milk checks before they come out. Educate consumers about dairy products. It's hard to keep up with everything.

8) *Mailings*: Comments on mailings dealt with quantity and timeliness.

There is too much stuff coming through the mail. All these mailings are expensive. Combine or eliminate some of them. If more than one check and/or more than one magazine go to the same address, put all the checks in one envelope, and send only one magazine. Save money. Mailings that do come are frequently late.

9) *Lobbying*: Comments on lobbying dealt with the advisability of doing it.

Assess the amount of money spent on lobbying. Can we really be effective in today's economic environment for what we can pay? Lobbying for price assistance is a waste of time. We have no political edge to lobby against consumers.

Pricing, Prices, and Economic Returns :

About 20 percent of the comments dealt with "prices, pricing, and economic returns." Comments were subdivided into six sub areas— 1) pricing, 2) prices, 3) price spreads between farm and retail, 4) price penalties, 5) price spreads between input costs and farm price of milk, and 6) losses on the farm/profits at the cooperative.

1) *Milk Pricing Premiums*: Comments dealt with the specific types of premiums paid and the payment of premiums generally. This area revealed the most contradictory statements among the membership.

Somatic Cell Counts: They should be used but raise the count to 500,000. ... Scale the somatic cell count down according to cheese yield. As is, it's too high. Somatic cell count testing is unreliable and should not be used for premiums. Butterfat: Stop paying for this. Consumers don't want fat anymore. ... Butterfat premiums should be higher. We Jersey and Guernsey farmers work hard to produce the high butterfat and protein content in our milk. It is not easy to convert quickly to new standards after breeding for butterfat for years.

Protein: It is too difficult to qualify for the protein incentive. ... Protein standards should be raised.

Volume Payments: How about having a volume payment? Pay for quality, not quantity. . . Stop volume incentives. Volume is part of our problem.

Premium Payments: All premiums should be higher—whether its Grade B (for manufacturing) or grade A milk. After a person works to achieve quality milk, there sure isn't much reward. ... We don't like any price differential anywhere and think price should be determined by the market where the milk was sold. We need new standards for such things as vitamins and protein. Then pay us for what our milk is worth by those standards. Each month, pay on SNF or protein, whichever is higher.

2) *Prices*: Comments on prices primarily dealt with the support price, the instability and low level of prices, and the association of price to surplus milk problems.

Support Price: Raise the support price. We don't want a two-tier pricing system implemented. Support a flat class I differential in all Federal orders. Find an alternative to for cheese pricing other than the National Cheese Exchange. Parity pricing is way out of line. We need 85 percent parity. Could we find something different than the M-W cheese market on which to base milk prices?

We are not getting nearly enough for our milk considering the amount of labor, management, investment, and the quality of the product we produce. We don't get enough to cover rising costs and today's standard of living. It might be easier if the prices didn't jump all over the place. We could make it on milk priced at \$13 to \$15 per cwt, and if there was a limit on how much the price could drop. Pay the blend price plus a few cents. Independent milk companies

pay \$0.10 to \$0.40 more than this cooperative. If you don't match these companies, you can expect some dissatisfied customers. We can get more for protein elsewhere.

If the situation doesn't improve, some of us won't survive. What we receive is less than the national minimum wage. We have debt obligations to meet. All we want is to make a decent living. We deserve better prices! We feed the world!

Surplus Production: When prices are down, we have no choice but to increase production, contributing to the overproduction problem. Now, prices are lower because of excess production. Milk production must be reduced before we get more reasonable prices. ... Let demand and supply take care of itself.

3) Price Spreads Between Farm and Retail:

Comments in this area primarily expressed difficulty in understanding the large differences between store and farm milk prices.

It's a shock to see the different between grocery store and farm prices. We get 5 cents a glass and the consumer pays up to \$1.35 a glass in a restaurant. Where does all this money go? What prices do we get on wholesale milk? How much does the middleman get? Is top management getting it? We don't understand why retail milk prices go up when ours don't, or why when our milk price drops 30 percent, the retail price doesn't, or drops much less than 30 percent. Retail prices are too high and need to be controlled. Every part of the dairy industry makes a higher profit than the farmer. This has to change. We want to make a profit, not suffer a loss.

4) Milk Pricing Deductions and Penalties: These comments primarily expressed difficulties in understanding reductions in payments, particularly when the market is problematic.

Why should bonus money be canceled for problems beyond the farmer's control, like aflatoxin in bad feed? Stop penalizing farmers with high counts. The SCC issue is handled unfairly.

We aren't being paid for our protein now. We're not getting credit for butterfat, but it is still used in butter sales. We don't like the antibiotic milk policy. ... We like the strict antibiotics policy.

We need fewer deductions. We are in a difficult place and need the money.

5) Price Spreads Between Input Costs and Product Prices: These comments dealt with the input price and product-price squeeze.

Our expenses keep going up, but our milk prices keep dropping. We receive the same price my parents did in the 1950s, but equipment and other costs have gone up from 200 to 300 percent. If the family farm is to survive, this must change.

6) Profits at the Cooperative/Losses on the Farm:

These comments expressed difficulty understanding why the farmer receives so little while others seem to be "doing" well.

It's hard for us to understand why the cooperative is making so much money, while members are going broke. How about distributing some of those profits to the owners so we can stay in business as farmers. We are not making nearly enough to cover costs of labor, supplies, and the amount of our investment.

Is the cooperative paying us so little for milk so it can make cheap cheese? Is the cooperative acting in the farmers' interests?

Fairness/Cooperative Workings:

About 20 percent of the comments expressed member concerns that the cooperative worked unfairly. Comments suggested that the cooperative was failing as a cooperative. This resulted in unfair treatment of members as a group and/or unfair treatment between and among members. Comments centered around governance/member leadership, capital retains/equity redemption, meetings, competition, types of farmers, buying out the competition, equal prices, the health department, health insurance, and trust.

1) Governance/Member Leadership: Comments concerned aspects of member influence, member representativeness, leadership effectiveness, conflict of interests, large farm/small farm issues, the governance process itself, and possible changes. A synthesis of comments revealed:

Influence: Some of us don't feel we have much influence on governance. We never see our director. We don't know him. The cooperative seems too big. Our voice is like a drop in the ocean. There is too much power on the corporate board. Should some of the power be shifted to divisions? If members really had any power, they would fire everyone.

Representativeness: Office holding isn't spread around enough. It seems that the only people who get elected are those with connections. Dairy farm women should be encouraged to take leadership positions.

Leadership Effectiveness: We don't think the leadership is paying much attention to the membership. We question their effectiveness. The recent restructuring and cost-cutting steps are a repeat from an earlier time. Why are we doing these things again? Couldn't current problems have been avoided with better planning? It seems we have "yes" people for officers. They spend too much money flying around.

Conflict of Interest: Directors seem to be holding office for their own interests and not the members' interest. We wonder if some directors are only in office to keep their farm operations afloat.

Large farm/small farm issue: Are laws and resolutions made just for the big dairy producers? All the officers in our division are big dairy producers.

Governance Process: We need time to react to resolutions presented at the annual meeting before we vote on them. When decisions affect members' paychecks, questionnaires should be sent to find out what members want. Member control has shifted off the farm. If it were a real cooperative, we would not have been assessed \$0.15 per hundred.

Other Changes: Changes are needed. Maybe limits on the time directors can serve would be good, such as three consecutive terms or 12 years or no more than two consecutive terms. It would be a way to get new blood into the organization. Elected leaders might work harder if they knew their terms were limited. Most members will not run against an incumbent, so the older directors stay there a long time. Having directors visit individual farms to find out farmers' concerns would be helpful.

2) Capital Retains/Equity Redemption: These comments report a sense of unfairness in how cooperative financing is handled, particularly when compared with competitors. Treatment of older members is also questioned.

There are a number of reasons why some of us do not like capital retains. For one thing, we need the money now. Times are difficult. When we get our checks, we see the pay price printed on the check and then see all those deductions. It feels like \$25 is being robbed from each check. We have to pay income tax on the total amount in the current year. The cooperative holds and uses it for 8 years and pay us no interest. Once we have capital retains in the cooperative, we feel stuck, and unable to get out of an organization we may not like very much.

Some of us even wonder if the money is being well managed. Perhaps it's being wasted. Stop doing capital retains. Just do patronage refunds or take out

less or hold it for shorter periods of time such as 3 to 5 years instead of 8 years. Work on a profit basis only. If capital retains are used, pay us interest on the amount retained and take it out of profits made by the organization. Maybe the management could take something out of its own checks to help capitalize the cooperative.

Competitors make hay out of the capital retains method of financing. They tell us we wouldn't have to pay retains if we would send our milk to them.

Arguments from the leadership tell us that capital retains save the cooperative on interest expense, but it sure doesn't save interest costs for individual members when they have to go to the bank for a loan.

Treatment of older, inactive members is unfair. Interest should be paid on allocated reserves, especially if it is paid at age 65. A 72-year retirement age is a disgrace. Do they have to beg to get their own money back? Some of us may be deciding not to grow old with this cooperative.

3) Meetings: Complaints in this area were about the poor scheduling of meetings, a perception of too many of the same members getting recognition at meetings, and the absence of the CEO at meetings.

Meetings should be scheduled when and where we can get to them in good weather, and at times during the day suitable to dairy farmers (not during milking times). We expect to be able to get to them with some convenience and not drive 65 miles when two are within 25 miles. Once there, we want the recognition passed around so more and different people get accolades. We would like to see our CEO at one of these meetings. The staff needs to be able to better answer questions. Members need to be heard.

4) Competition: These comments suggest members are unhappy with the competitive aspects of the cooperative. It's organized to provide an advantage for the members as a group, but competitors seems to be doing better.

In geographic areas where competition exists, some of us notice competitive companies paying a better price. We wonder why the cooperative can at best stay even, but never get ahead of the competition. ... Some of us base our decisions on how the cooperative is doing by the pay price. Others believe the "bottom line" after deductions is the critical measure. However, we will leave the cooperative if the price is not right.

5) *Fairness Among Members:* Comments expressed a sense of unfairness among the members in how they were treated by the cooperative organization.

Unfair treatment exists among the members. You favor large farm operations over smaller ones. Why is the Holstein breed constantly being promoted? Grade A producers are subsidizing the price of manufacturing grade milk. A bias favors southern over northern members. Grade B producers subsidize Grade A producers. Larger dairies are favored over smaller ones.

Volume discounts and incentives are unfair and just benefit large farmers. This makes no sense. You are rewarding surplus. We, who have tried to keep our production in line, are being penalized. All dairy farmers should be treated the same with no discrimination made on size or price.

6) *Buying Out the Competition:* Complaints in this section questioned whether the cooperative may have worked too well. Local competition had been reduced leaving members with questions about “fair prices.”

Many of us believe in the importance of economic competition. When there’s competition, farmers have more choices on where to sell their milk. It forces buyers to be more competitive and more efficient. Today, the market doesn’t seem to work very well for the farmer. Some of this seems to be related to our cooperative buying up a lot of the local creameries and processing plants. We wonder if we’re getting a fair price, particularly when there’s little, if any, competition left. Sometimes the competition bought out was a local cooperative offering higher prices than our current one. We wonder why some of these plants are bought at all. Many are obsolete and would be going out anyway. Why not just let them die? Some of us wonder if it might be better to work on the profitability of current assets, rather than buying up new ones. Is our cooperative like any other big business, snuffing out the little guy? The cooperative needs competition.

7) *Equal Prices:* Members questioned pricing difference with these comments:

We don’t like regional differences in prices and payments and feel they are unfair. We include pay prices, quality premiums, SNF, protein premiums, competition bonuses, and volume bonuses. We don’t understand this and resent it. Why are some members being paid more than we are? Volume premiums and minimum hauling charges are unfair to small producers. Volume bonuses contribute to surplus problems. If we threatened to leave, would we get paid more?

Why is this happening? Some farmers living across the street from each other aren’t getting the same price per cwt. All of this shouldn’t be happening in a cooperative.

8) *Health Insurance:* Members question the fairness of management and others having a much better health insurance than members. We need a more affordable health insurance package. If it’s provided for management, why not us?

9) *Trust:* Members reveal a lack of trust in management with these comments, and wonder if—or are sure—they are not being treated fairly.

We are very skeptical of the cooperative’s honesty. When the cooperative makes money we don’t see an increase in our patronage refunds. When bad management loses money, our somatic cell counts go up. Is there a surplus or not? When our hauler wanted to buy cheddar cheese for his route customers, the cooperative wouldn’t fill his order because it had no cheese to sell. Yet, we’re told in the monthly newsletter that we have a surplus of cheese. What’s going on here?

We wonder about the truthfulness of the information we get. When questionable management decisions surface, do we get the whole truth or the slanted truth? Stop editorializing in the monthly newsletter. All we expect from a cooperative or any other business is honesty.

The cooperative controls the members rather than the other way around. Some of the management has forgotten for whom they work. After reporting this, I bet my somatic cell count will go up.

We’re very thankful for strict antibiotic rules. The larger producers were getting away with sending contaminated milk. You’re no worse than other cooperatives. They’re all crooks, too.

10) *Health Department:* We have problems with our health department.

Policy:

Most comments in the study imply some suggestion for change. However, several (around 10 percent) were very direct about: 1) cooperative policy /strategic planning, 2) national policy, 3) dairy industry policy, and/or 4) USDA policy.

1) *Policy/Strategic Planning:* These comments covered a range of topics including aspects of: 1) marketing and sales, 2) education, 3) advertising, 4) supply/surplus milk, 5) family farms, 6) asset protec-

tion/expansion, 7) market expenses, 8) member relations, and 9) cooperation among cooperatives. A synthesis revealed members saying:

Marketing and Sales: Work at expanding dairy exports and eliminating dairy imports. Concentrate on selling products directly to the retail consumer, even if that means buying outside milk or dairy products to supplement members' milk. Do a better job at the retail level. All we see are competitors' products. Offer incentives or programs to get the price down in stores. Sell whole milk. Just pasteurize raw milk, bottle it, and push it out the door. Market dairy products at the producer level. Encourage schools to buy milk in five-gallon containers instead of half-pint boxes. The quality deteriorates in boxes. Do more nationwide marketing.

Put more emphasis into selling milk and less on processing. Sell a good product, not 2 percent. Continue to increase our value-added products and new products.

Education: Educate rural and urban peoples about each other's problems.

Advertising: Spend more money on advertising. Promote milk as health food. Let's start advertising milk for its 97-, 98-, and 99-percent fat free content. If there are laws against this, change them. Advertise more through 4-H groups, FFA, and other farm-youth organizations. What about grocery store product demonstrations? Advertise and push our health products to senior and teenage target groups. Advertise our own milk more. Advertise milk as substitute for soda and tea. Butter is not as bad as was once thought. Let's advertise that fact, and/or find other uses for it. Stop paying the National Milk Board. They are not producing. Return that 15-cent deduction from our checks to us. We could use the money to expand into new markets and develop new value-added products.

Supply/Surplus: Do something about the surplus. Control the supply of milk. Develop a surplus management program. Develop a quota system and some fair prices. Control milk from farm to consumer. Maybe a base plan would work. Go back 10 years. It's doubtful that prices and production can be controlled any other way. This seems a better alternative than trying to deal with roller coaster prices. Consider dumping. If all dairy farmers dumped milk for a 24-hour period, that would take care of the surplus.

Explore ways to distribute surplus dairy products (e.g., non-fat dry milk) to national and international programs to feed the hungry. Take a stand against BST.

Family farms: Protect the dairy farmers and other family farmers. Cooperate with all organizations that act in the interest of preserving farming as a pursuit by individuals. Don't finance large dairy farmers, like has happened with hog farmers.

Asset Protection/Expansion: Too much money is spent acquiring properties that don't pay off. We're losing members to other cooperatives that are paying better returns to their members. Stop acquiring these losing facilities and start paying us more.

Market Expenses: Make other organizations help pay for building markets and dairy lobbying. Push to have consumers pay for inspection fees that are for their benefit.

Member Relations: Penalize members who leave the cooperatives and then want to come back.

Government: Move to eliminate Federal milk marketing orders and dairy price supports. Get State and Federal Governments out of business and sell in the market place. Let supply and demand take care of itself. We need sales, not subsidies. [versus] Establish a quota system like Canada. What we have now is a poor price system that forces producers out of business.

Cooperation among cooperatives: Our interests as farmers might be better served by cooperating more with other cooperatives. We might be able to eliminate some of the middle costs and become more efficient. That savings could then be passed back to us. Also, cooperate with other cooperatives to build international markets. Work with other cooperatives to not take on new producers. Get the supply down and the price up. Cooperatives influence 80 percent of milk production in the U.S. If cooperatives would cooperate we could do something about the low prices. Set up a supply control program of our own.

2. Policy/National: These comments were also very direct. From the member perspective, they tell decisionmakers what should be done to make dairy farming and agriculture healthy for the farmer.

Give priority to the United States, particularly family farmers. Reduce taxes, raise farm prices, and lower interest rates for farmers. We need a business climate that allows small businesses and family sized farms to cover expenses and make a reasonable profit. Without it, our country will not survive as we know it. Reduce or abolish the capital gains tax. Older farmers could retire with a decent living. Younger people could buyout their "Dads." We need reliable labor in rural areas. Take care of agriculture and agriculture will take care of America.

3. *Policy/Dairy Industry:* In policymaking directives for the dairy industry, members said:

We need to do some of the following to keep our dairy industry alive: 1) Bargain with the proprietary processors for a fair price. 2) Control the surplus of milk if and when it exists. 3) Educate the customers about what goes into producing milk and milk's purity.

Work with restaurants to promote milk.

4. *Policy/USDA:* Comments in this section tended to be contradictory. Some suggested Government stop involving itself in agriculture and the dairy industry. Others were more specific, suggesting that the Government role in the dairy industry shouldn't be terminated, but that the type of support should change.

We want the cooperative out of Government programs entirely. We need to get back to supply and demand, but only if the rest of the world follows suit. Programs and subsidies always have to be repaid. Stop the National Milk Promotion Assessment. The dairy industry can handle its own problems. Get out of Government programs gradually. We need production controls, but set them up to be run by cooperatives, not by Government. ... If Government was out, we would probably still need them to sell surpluses on the world market and at a loss if need be. Profits could be improved if the Government would implement another whole-herd buyout, or some other program to reduce production. A 30-percent reduction would probably make dairy profitable again. We need price supports, but they shouldn't vary by geography. Remove price supports for 1,000-cow herds. Big farms are destroying our rural communities. If Government doesn't get away from its "cheap food" policies, agriculture will disappear.

Outlook/Survival:

Around 7 percent of the comments expressed concerns about farmers' survival. Some were general comments on farming while others expressed specific concerns about family farm survival.

1. *Outlook:* Our outlook on dairy farming is rather grim. There's no profit. We can't stay in production if costs are higher than our returns. Some of us have sold our heifers and replacement heifers to pay bills. We would like an agriculture where we could pay off our debts and still have some free time. Prices must return a healthy level for us to survive. Smaller

farmers and young people shouldn't get in. There is no profit. When the farmers are gone, there will be no more "homegrown" food.

2. *Family Farms:* We don't see much concern for the small family farm, even when prices are \$10 a hundred. When you feature 200-plus cow herds in your magazines, you are promoting the larger farms. Don't encourage mega-dairies. There are too many 1,000-cow herds. The cooperative should be encouraging small dairy farmers with low debt. Everyone would be better off. If we don't get a better price, family farms will disappear. Agriculture needs the family farm.

Personalized Victimization:

Most comments expressed levels of frustration and/or discontent. Even most of the few positive comments were "sugar coated" complaints. However, about 4 percent of the comments expressed a very pointed, personalized frustration that portrayed a sense of victimization.

1. *Feelings of Victimization:* We feel we're being taken advantage of and treated unfairly. Someone is neglecting our interests. We work long, hard hours, produce a great product, but keep getting paid less and less while costs keep climbing. Surely, someone is trying to do us in or defraud us in some way. We once thought we were the backbone of this country. Now we are not so sure. Couldn't the management do better? When competitors are paying higher prices we think cooperatives could do a lot better. We wonder about the leadership that doesn't seem very concerned about our troubles. My father got more when he started than we do now. Some of us went through the milk diversion, a buyout, and a starveout. We're old, now, and owe more than when we started. Everyone else except us is making money from our product. Those benefitting don't seem to understand that if we quit milking, they would be in trouble. Help!

2. *Payment:* We didn't expect to get rich from farming, but want to continue the life style in which we were raised. We feel like slaves. Prices stink! We need \$15 a hundred. Canadian farmers are getting \$19 a hundred. We need fair and equitable prices. Other workers can get a minimum wage. We think the powers that be could figure a way for farmers to be paid a fair price that would cover expenses and provide a decent living. At this rate, we'll be out in 5 years. To do what? Stop being so stingy!

3. *The Cooperative:* When will the dairy farmers count and be able to make a living again. The reason for the cooperative is the farmer. Without the farmer there would be no cooperative. We are out here fighting the elements and getting very little back for it. Start running this cooperative like a cooperative, not a big business. Give us all an equal base price and premiums across the board. We wonder if the cooperative, like other big milk plants, really cares about the family farm. From where we're sitting, you all look like a bunch of college-educated punks, afraid to get dirty. Many of you have never worked on a farm in your life, yet you continue to get high salaries while we go broke. Give us more money before we go out of business and this country loses its foundation, agriculture.

4. *Government and Government Programs:* We are being victimized by collusion between the Government and cooperatives. The cooperatives sell milk to the Government to create a surplus, and then buy it back. This drives the price of milk down. We don't believe there is a surplus. The Government wants cheap food. Government and the cooperative are not paying dairy farmers a fair price. What will the Government or our cooperative come up with next to gyp us out of our payments? This country is beginning to look like those run by dictators. When that happens, we are getting out. We won't be dictated to.

5. *Farmers:* Farmers are constantly being forced to use and pay for more and more technology to become more efficient. We're constantly told to be more efficient. We are rewarded with lower prices that come with greater surpluses. Farmers are treated unfairly; always have and always will be. Soon there will be no more family farms. I'm going to get out!

6. *Sense of Entitlement:* Agriculture is the backbone of the country, not automobiles. We feed the world. Our Government uses food in its policy. When we make money, we pay taxes and buy groceries, furniture, and clothing. Yet, we get little of the return. It is time the cooperative stood up and started paying the farmer more. We deserve it now, before it is too late and the country loses its agriculture.

7. *Special Interest Groups:* These consumer groups are destroying us. One product contributes to people's health. Why isn't that understood?

8. *Security:* We don't know what our income is going to be from year to year. It is very difficult to sur-

vive this way. We know we're important, but nobody else seems to appreciate that. Farming is becoming a rat race, with the bigger rats killing off the smaller ones, and Government taking over.

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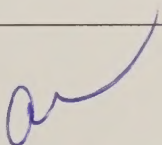
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The cooperative segment of RBS (1) helps farmers and other rural residents develop cooperatives to obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs. RBS also publishes research and educational materials and issues *Farmer Cooperatives* magazine.

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